



Daily Report

Latin America

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Mercosur Foreign Trade Council Established

PY0510105795 Buenos Aires TELAM in Spanish
2015 GMT 3 Oct 95

[FBIS Translated Text] Buenos Aires, 3 Oct (TELAM) -- Upon celebrating Exports Day, the Mercosur [Common Market of the South] Foreign Trade Council, Consejo de Comercio Exterior del Mercosur (Mercoex), comprised of the Argentine Exporters Chamber (CERA), the Foreign Trade Association of Brazil, and the Union of Uruguayan Exporters, was established today.

Marcus Vinicius Pratini de Moraes, the Foreign Trade Association of Brazil chairman, emphasized "the Mercosur's strategic significance and the opportunities raised by the new regional framework for promoting investments and exports."

De Moraes openly lauded the efforts involved in establishing the Mercoex, emphasizing: "It will make it possible to find common cooperation factors and strengthen the new entrepreneurial atmosphere for integrating the Mercosur into the international market."

A Paraguayan entrepreneurial delegation will participate in a similar ceremony in Rio de Janeiro to join the brand-new Mercoex.

Latin American Countries Vie For UNSC Seat

PY0410174895 Rio de Janeiro JORNAL DO BRASIL in Portuguese 30 Sep 95 p 10

[Article by Marcia Carmo]

[FBIS Translated Text] Buenos Aires -- Despite the progress in the formation of regional blocs, UN members are engaged in a silent dispute over seats on the UN Security Council (UNSC). Argentina and Mexico, for example, do not support Brazil's entry into the selected group -- which today has five members -- because they also want a seat for themselves. There are fears that if granted a seat, Brazil, or for that matter any other country will only look out for its own inter-

ests. "They know a country does not represent a region but its own name," a diplomat said. In this case, Brazil, Argentina, and Mexico are disputing a seat that is destined for Latin America, which diplomats consider the less problematic region in this dispute -- unlike Europe and Asia, where there are historical contenders. As a Brazilian diplomat put it, "in all cases, they are major disputes."

This week, Paraguay openly expressed its support to Germany, Japan, and Brazil. This expression of support should be added to that of Portugal, Venezuela, Ecuador, and six African Portuguese-speaking countries.

Neighbor Uruguay prefers to be cautious. In the opinion of diplomats, Uruguay has not adopted a clear-cut position in order to avoid problems with Brazil, let alone with Argentina. It was Mexico that suggested the working group -- which has for two years worked on the democratization of the United Nations -- to rotate standing seats. Today, in addition to the five standing seats, there are 10 rotating seats. This proposal was immediately supported by Argentina. The Mexicans, who have only recently become interested in a seat, contend that several powers of one single region should be given an opportunity.

Says an Argentine diplomat: "It is not that Argentina does not support Brazil, but that Argentina is fighting for the same piece." That is, no one is thinking from a regional point of view. The debate has led to the conclusion that for the election, for which no date has yet been established, candidates will create their own individual blocs.

The Brazilian Foreign Ministry on 29 September reported in Brasilia that Brazil and Argentina actually have different views on the new Security Council structure. While Brazil wants a larger number of standing members in order to give more representation to the council, Argentina wants a larger number of alternate members, that is, the rotation of seats.

Cuba

ANPP Prepares List of Claims Against U.S.

PA0410172495 Havana PRENSA LATINA in Spanish
0559 GMT 3 Oct 95

[By Angel E. Pino]

[FBIS Translated Text] Havana, 3 Oct (PL) — The National Assembly of the People's Government [ANPP] is hastily preparing a list of claims that will be presented to the U.S. Government if the Helms-Burton Bill, which strives to strengthen the blockade against the island, becomes a law.

The claims will include damages inflicted on Cuba for more than 30 years due to the economic blockade and compensation for the families of approximately 20,000 Cubans assassinated during the dictatorship of Fulgencio Batista, a U.S. ally.

In addition to fines against businessmen and countries that invest in or trade with the island, the bill seeks payment or the return of properties confiscated by the Revolution from Cubans who have settled in the U.S. and acquired U.S. citizenship.

ANPP President Ricardo Alarcon recently warned that terms of the bilateral dispute with the United States would radically change the minute the U.S. Congress approved the Helms-Burton Bill.

He said the claims for damages inflicted on Cuba by the economic and commercial blockade, calculated at approximately \$40 billion, would be added to claims for the damage caused by theft and embezzlement by former politicians and officials who sought refuge in the United States.

"They are the ones who committed murder and stole and looted the National Treasury prior to the Revolution. If the Helms-Burton Bill allows them to claim properties belonging to our people, then Cuba will have to demand the return of what those exploiters owe us," he emphasized.

ANPP sources confirmed to PRENSA LATINA that a commission of the legislative branch is busily working with the National Archives and other agencies seeking information on the large group of persons included in this category.

They said the majority were politicians, former officials of the dictatorship, or simple embezzlers who escaped to the United States with suitcases full of dollars — or who already had them in U.S. bank accounts when the Revolution triumphed in 1959 — to evade the revolutionary laws.

"Many of those people are now sponsoring or lobbying at the U.S. Congress for the approval of legislation against their own country's interests," the sources added.

According to the sources, academicians and researchers from study centers, university students, and other Cuban agencies that have shown interest in participating in the process, are currently working on the parliamentary initiative.

The bill has already been approved by an ample majority at the U.S. House of Representatives and it now pending a revision by the Senate, where analysts consider its adoption more difficult, but do not rule it out.

U.S. Secretary of State Warren Christopher warned Congress that, if the bill is approved in its current form, it would affect U.S. relations with other friendly countries, and he would be compelled to recommend that President William Clinton veto it.

During a speech on Friday to the Friends of the Country Economic Society, founded in Cuba in 1793 [as received], Alarcon said the U.S. initiative "would not be stopped by a Senate defeat or a presidential veto."

"Its sponsors will surely continue to insist on subsequent legislative sessions and that is why our struggle must be long-term. I believe we must prepare for that," he insisted.

According to estimates by U.S. authorities, if Cuba were to pay for the confiscation of properties owned by Cubans who fled to the United States and later acquired U.S. citizenship, the debt would total approximately \$100 billion.

"If we consider that the country's income last year totaled approximately \$2 billion and if we had to invest it in that debt's amortization, it would take us half a century to pay the debt," Alarcon said when explaining what he called "the absurdity of that law."

He warned that this would threaten even future generations of Cubans who "would not be responsible for what their parents and grandparents have done."

Alarcon: People's Claims 'Far Greater' Than U.S. Claims

PA0410160095 Havana Radio Havana Cuba
in Spanish 1300 GMT 1 Oct 95

[From the "Morning Information Review" newscast]

[FBIS Translated Text] Ricardo Alarcon, president of the National Assembly of the People's Government, called for people to mobilize their historical memory so that they can be truly undefeatable. Regarding the Helms-Burton bill, Alarcon reiterated that Cubans

should incorporate initiatives and develop broader means to create an unpenetrable barrier to imperialist strategies.

In a special speech during the provincial government assembly in Havana, Alarcon said that if the Helms-Burton bill mentions claims, the claims by the exploited Cuban people prior to 1959 are far greater. Alarcon gave examples on how the Mafia, landlords, and torturers looted the country. He quoted a February 1959 report by the National Bank of Cuba, which admitted to an embezzlement of the republic's reserves amounting to \$424 million between 1952 and 1958.

Report: Losses Due to U.S. Blockade \$1 Billion in 1994

PA0410160295 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 1 Oct 95

[From the "NTV" newscast]

[FBIS Translated Text] A report sent by Cuban Foreign Minister to UN Secretary General Butrus Butrus-Gahli reiterated today that the economic effects of the U.S. blockade on Cuba reached \$1 billion in 1994 alone. The report states that in the beginning of 1995, the United States sent a warning to a number of important countries regarding the reprisals it will take against them if they trade with Cuba. In addition, the report says that Cuba has lost the support of the major international financial institutions and of a number of private institutions, which fear Washington's reprisals.

Bishops Deny 'Secret' Talks Between Vatican, Havana

LD0410162795 Rome RAI Teletext Teletext in Italian 1340 GMT 4 Oct 95

[FBIS Translated Text] "There are not, and have not been any secret negotiations" between the Vatican and the Cuban Government. "The existence of negotiations and the visit of the pope to Cuba next February are without basis."

Very authoritative sources of the Cuban Bishops' Conference have thrown cold water on recent rumors. The bishops' communique says the rumors "are very far from the truth."

The Pope will visit Latin America in February. Cuba is the only important country in the region that he has never visited.

UBPC Members Encouraged To Increase Production

PA0510010695 Havana Radio Rebelde Network in Spanish 1155 GMT 3 Oct 95

[Report by Sergio Martinez Martinez and Mario Munoz Monroy from Santiago de Cuba for the "Doing Radio" newscast]

[FBIS Translated Text] [Martinez] The UBPC, Basic Cooperative Production Units, emerged as a new form of production in this sector and this implies a change of mentality among men and, obviously, in labor union work. The UBPC strive to increase production and obtain profits by being feasible. Of course, to achieve this, man must be encouraged so he may feel recognized and produces more.

[Munoz] The labor union of La Mandarin sugar UBPC, in Tercer Frente Municipality's mountain range, Santiago de Cuba Province, has a leading role regarding incentives, according to Secretary Julia Cabrera.

[Begin Cabrera recording] Incentive work is beautiful work. It makes our workers feel proud. It is a very beautiful part; we always do it at the end of the assemblies because the incentive segment is followed by a recreation segment. This is done with our own resources; in other words, we do not have to go to the store to get a sheet to encourage the workers. We can get one chicken, 5 lbs of beans, or 10 lbs of rice at the UBPC; or we can get produce from the vegetable garden; or we can look around and come up with 10 garlic bulbs. If we produce coffee we can give the worker at least a can of coffee. Those are things we can get at the UBPC and men feel encouraged by this. [end recording]

Farmers' Markets Celebrate First Anniversary

PA0510012495 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 1 Oct 95

[Report by Nuria Cepero; from the "NTV" newscast]

[FBIS Translated Text] Although work is still being done to overcome their deficiencies and insufficiencies, tomorrow the farmers' markets will celebrate their first anniversary, with an overall positive balance which extends from the approximately 3 million pesos in taxes which have increased the government's budget, to the 263 farmers' markets which currently operate throughout the country.

[Begin recording] [Cepero] The number of farmers' markets has increased from 138 to 263 markets, covering a large part of the nation's territory. The amount gathered in taxes is meaningful; over 3 million pesos

have entered the national treasury. What has this meant for the people?

[First unidentified female shopper] Well, it has improved the situation at home very much.

[Second unidentified female shopper] It has helped me a lot. For us working women who cannot get home early, we can solve this problem with the farmers' market.

[First unidentified male shopper] I always [word indistinct].

[Cepero] These markets, which opened their doors with the participation of less than 10 percent of the producers, currently have a range of 75 percent participation.

[Third unidentified female shopper] They have helped me in part. They have not helped me a lot because I do not have much money to buy with, because I am retired.

[Second unidentified male shopper] Prices remain high. Pork meat is too expensive. Products in general are too expensive.

[Cepero] Of course, when the cooperatives' basic production units and the agricultural production cooperatives are able to contribute a greater volume of products to the farmers' markets, the prices will tend to drop, and the diversity of products offered to the people will increase.

There will always be opinions against and in favor, although often pointing out its imperfections. But I believe the latter are a majority in regards to the farmers' markets issue. What is certain is that significant contribution has been made to the government's budget and that you, just like me, will be able to serve food at your table which otherwise would have been difficult to obtain. [end recording]

Sugar Industry Minister Reports on Efficiency System

PA0510023695 Havana Radio Rebelde Network in Spanish 1700 GMT 4 Oct 95

[From the "National Radio News"]

[FBIS Translated Excerpt] Sugar Industry Minister Nelson Torres briefed the CTC [Cuban Workers Federation] Secretariat during its second day of sessions on a new industrial efficiency system for the upcoming sugar harvest. A system that requires greater technological discipline was designed based on the reassessment process of the Sugar Industry Ministry workers involved in railway activities. Minister Torres summarized the significance of this system in financial terms. [passage omitted]

CTC Secretary General Pedro Ross Leal noted that this battle must be waged from this moment on, while the

mills are being repaired. He also said that the CTC is refining the incentive system for these workers.

On another matter, the Secretariat is reviewing the progress being made on preparations for the 17th labor congress and the destination of donations in foreign currency from tips in stores and restaurants.

Haiti

CEP Announces Cancellation of Some Election Results

PA0410224495 Port-au-Prince Signal FM Radio in French 1030 GMT 4 Oct 95

[From the "Waking Up Newscast"]

[FBIS Translated Text] The Provisional Electoral Council [CEP] looked for 72 hours into the controversy over the results of the 17 September 1995 ballot which were published on 28 September in accordance with Article 82 of the electoral law of February 1995, says a CEP press release.

The same document advises the candidates for deputy, the electorate, and political parties and groups that following the analysis of the issue, the CEP has decided to cancel certain results because of frauds which were duly documented and which can modify them.

Consequently, the elections for deputies in the first district of Jacmel, neighborhood of Marbial in the Department of the Southeast; the second district of Saint-Raphael, communes of Pignon, Ranquitter, and La Victoire in the Department of the North; and the commune of Anse-a-Galets, the unique district of La Gonave in the Department of the West will be reorganized on the occasion of the upcoming presidential elections, states this press release signed by Pierre Michel Sajous, president of the electoral institutional and Leon Manus, vice-president.

New Conatel Director Appointed by Presidential Order

PA0410230795 Port-au-Prince Signal FM Radio in Creole 1130 GMT 3 Oct 95

[From the "7:30 Appointment" newscast]

[FBIS Translated Text] A new general director has been appointed to the head of the National Telecommunications Council [Conseil National des Telecommunications, Conatel, the office in charge of attributing frequencies to radio and television stations, and radio communication device holders in Haiti] in the country. It is citizen (Jean-Harry Seyan) who has been appointed general director of Conatel.

The Ministry of Information and Coordination informed the public of a presidential order dated 25 September that states:

Considering that a new general director must be appointed to head the Conatel, under the minister of public works, transports, and communications and after deliberations in the Council of Ministers, citizen (Jean-Harry Seyan) has been appointed new general director of Conatel in Haiti.

Legislature Inaugural Ceremony Not To Take Place 9 Oct

PA0410223095 Port-au-Prince Signal FM Radio in French 1030 GMT 4 Oct 95

[From the "Waking Up Newscast"]

[FBIS Translated Text] Anyway, the inaugural ceremony of the 46th legislature will not take place this Monday [9 October] as reported by some sources that released information in the capital at the beginning of the week, according to the president of the Senate, Senator Firmin Jean-Louis. While stating that only his signature is valid to convene the inaugural ceremony of the newly elected representatives, Firmin Jean-Louis informed in an exclusive interview given to Signal that the parliamentarians in office were studying the question. According to the president of the National Assembly, the date for the inaugural ceremony of the parliamentarians of the 46th legislature has not yet been decided.

[Begin Jean-Louis recording, in Creole] As far as I know, no note like that has been issued. If there was a note regarding such a question, I would certainly be informed. I would probably be the one to sign this note. I do not believe a note like that has been published. So, for the moment, I have not yet made any decision, I have not yet had a precise information to give you on this question. I am going to discuss that with the other parliamentarians.

[Unidentified reporter] If I understand well, this Monday, there will not be a formal opening of the 46th legislature?

[Jean-Louis] I do not say there will be no opening, I say as far as I know this decision has not yet been reached. That has not yet been said. I am now having a meeting with the senators to discuss this very question. It is after this meeting that we will know what we will do. [end recording]

These were the explanations of Sen. Firmin Jean-Louis, president of the National Assembly, who has

come to put an end to all the rumors that have been circulating in the Haitian capital since the beginning of this week concerning the inaugural ceremony of the 46th legislature on next 9 October.

Netherlands Antilles

Curacao Announces Measures To Reduce Budget Deficit

BR0410142395 Amsterdam HET FINANCIEELE DAGBLAD in Dutch 4 Oct 95 p 5

[Unattributed report: "Curacao Starts Financial Reorganization"]

[FBIS Translated Excerpt] The Curacao governing authorities have announced measures to reduce the enormous budget deficit in 1996. An initial package of measures is intended to reduce the deficit from 285 to 78 million guilders.

The most striking measures are the increase in petrol prices by 15 cents per liter and an increase in water and electricity prices. More revenue will also be obtained by the accelerated collection of outstanding taxes on profits. Together with the collection of reimbursable study grants, this measure is intended to bring in 90 million guilders.

Savings are to be made in the pensions scheme for civil servants by increasing the retirement age and the rapid repayment of a loan taken out by a government-owned limited company. The introduction of the AZV [General Health Insurance] will result in 20-million-guilder savings in health care. The AZV is to take effect next year.

The measures taken are seen as a first step on the road to restructuring the difficult financial situation. The problem of Curacao's high debt level (2.1 billion guilders) and the current year's budget deficit (estimated at 200 million guilders) have not yet been touched upon.

Under pressure from the trade unions and other social organizations, the authorities apparently did not want to go further. But it appears inevitable that more stringent measures will be taken in the near future. [passage omitted]

For years the deficits were covered by loans. A mixed committee chaired by Netherlands Ambassador Extraordinary Emile van Lennep is to make proposals in November on solving the debt problem.

President Zedillo Addresses Industrialists

PA0510005595 Mexico City LA JORNADA
in Spanish 2 Oct 95 p 12

["Stenographic version" of speech by President Ernesto Zedillo at the closing of the annual meeting held by Confederation of Industrial Associations, Concamin, in Veracruz on 30 September 1995]

[FBIS Translated Text] Mr. Patricio Chirino, governor of the state of Veracruz;

Mr. Hector Larios, president of the Business Coordinating Council;

Mr. Victor Manuel Diaz Romero, president of the Confederation of Industrial Associations [Concamin];

Ladies and gentlemen:

It is a pleasure for me to come to the state of Veracruz, which is a state of history, happiness, and hospitality, to accompany you in this important meeting.

It is very useful for the country that, year after year, Concamin holds meetings such as this one to examine achievements and prospects, problems, breakthroughs, and new challenges. We are dealing with meetings of serious analyses and constructive spirit always fueled by the objective of contributing to unfolding the country's industries and to better participating in Mexico's progress. This is why it is a pleasure for me to come here to congratulate you for the works done.

I have taken notes on your conclusions and proposals, which undoubtedly will feed the policies for the industrial development we are planning to develop during this administration.

It is very encouraging to note that, based upon your experience, you are broaching key aspects of the world environment and its repercussions in Mexico, of the complementary features industries must have, of financial instruments, and, above all, of the prospects of small- and mid-scale companies.

Those industrialists who are committed with Mexico are looking forward and are enthusiastically participating to overcome the economic crisis. Today I am stressing before you that these efforts are bearing fruits. We are winning the battle against the crisis; we are forging an economy without the vulnerability that triggered and worsened the crisis. We are laying solid foundations to achieve a complete recovery and move toward growth with jobs, opportunities, and fairness.

Our strategies are clear, and we need to end each one of these phases to successfully face a larger challenge: achieving a vigorous, sustained, and sustainable growth.

These strategies demand us look forward, as you are doing, persevere in our efforts, and maintain a discipline.

Recovery will not be achieved sooner or more effectively if we ease our objectives or if we neglect our discipline. On the contrary, I emphatically say that, in order to assure strong recovery foundations, we need to invariably keep healthy public finances, monetary policies compatible with the necessary inflation reduction, and foreign exchange policies promoting and continuing to promote our exports.

The Mexican government will continue to do its part responsibly, because in the macroeconomic field, its conduct and its tasks constitute a determining factor to make each step, each advance benefit the entire country.

Likewise, in the so-called microeconomic field, individual and business initiatives determine the scope and strength of each advance. Your efforts and inventiveness, your entrepreneurial capacity, and your determination are essential at this level.

The country has industrialists and businessmen in all productive sectors. They stand out due to their talents, their creativeness, their commitment and desire to promote and be part of Mexico's progress. Hence, the certainty that good results are starting to take root; the confidence that we will move forward with the recovery and that we will firmly advance toward economic growth thanks to work, discipline, and the adequate and effective use of all instruments within our reach. We will do it beginning with a firm alliance, as the one proposed here. We will also do it by constructing new social and political stability conditions for our country starting from dialogues and consensus.

Economic growth does indeed require political stability. However, the political stability our country demands is founded on full democracy.

At the threshold of the 21st century, a stability supported by authoritarianism and power emanating from the top is unacceptable and unviable. In today's world, in today's Mexico, democratic stability is the only admissible, real, and lasting political stability.

For many years, Mexico has experienced an intense political evolution process, which is a natural process in a dynamic and increasingly diversified society having a clear, very clear democratic inclination.

Certain people mistake this democratic evolution with a political crisis, because its references, its habits, and even its nostalgia are based in the old authoritarianism of bossism and arbitrary subjection to resolves. They mistake the social participation developing into a void power, because they long for the old depository of

absolute power, who is an arbitrator for everything. He decides for everybody and subjugates everyone.

Those who make this mistake have systematically mistaken their analyses, their appraisals, and their predictions on the country's political life. They made a mistake in predicting a catastrophe during the most hard-fought and well-voted elections in our history. They are making a mistake now as they are failing to view in the correct light the phenomena affecting a society immersed in a profound democratic change.

Their mistake is the result of putting aside the maturity and firmness of Mexican society's values. It is the result of putting aside the proven strength of the country's institutions. It is the result of putting aside, that even before adverse economic circumstances, we Mexicans are finding formulas and courses to resolve, within the framework of an essential peace, the challenges and problems political coexistence poses.

In the last few months, the country has started guiding the Chiapas conflict, through talks and negotiations, toward a solution of lasting harmony within the framework of the law, toward a solution based on the effective attention to backwardness and shortages, toward a solution of justice and dignity.

In the last few months, we have held highly hard-fought elections in many states of the Republic under substantially advanced laws. These elections have been peaceful electoral processes that yielded results that corresponded genuinely to the citizen's resolve.

We have embarked on a profound reform on the judicial branch in order to strengthen its independence, its power, and its mission as an essential guarantor of the state of law.

We have placed for consideration of the legislative branch and the state and municipal governments varied initiatives to forge a new federalism, a federalism for the 21st century nourished by a profound redistribution of authority, responsibilities, and federal government resources toward the state and municipal governments.

We have started maintaining a relation with Congress based upon a true balance among government branches, a respectful dialogue, and a republican coexistence.

Slowly, yet firmly, we are instilling to Mexican society the certainty that the democratic development cannot be restricted to a magical formula or to a single course of action. There are many legitimate courses of actions of which we must take advantage. In this regard, the statements that emanated from Congress in the last few days that we assume more responsibilities in reforming the state are very rewarding.

It is also rewarding that, at the same time, political parties have already voiced their determination to make their positions more flexible with a view to a dialogue, which is quite necessary for the same reforming purpose.

Today, I reaffirm my conviction, my resolve, and my certainty that we will reach necessary agreements during the talks. We will undergo the expected changes. We will undertake the reform for the full democratic development of Mexico.

In this major transformation process, the fact that the country's daily political events are viewed and gauged in their right perspective will help a great deal.

Democracy cannot discredit the strength of institutions or society's works through minor and forceful blows. In democracy, whoever attempts to get more attention by resorting to sensationalism does not have more power. Let us not mistake role-playing with representativeness.

The growing social participation and our broad political pluralism allow controversies, nonconformity, and divergence. In democracy, these features can be resolved only amid respect and agreements, while society itself ends up isolating irreducible positions. This is why it is imperative that people's power, the media, and society keep the perspective, guarantee tolerance, and retain composure.

In democracy, it is never legitimate to silence or attempt to stop the flow of opinions, not even by those who flaunt a representativity that no one has conferred upon them or by those who show an authority they no longer have.

The democratic performance of power has the ethical and political obligation to listen, be aware of reasons, notice the many existing interests, and foment the search for general consensus and agreements.

We must exert true authority, representativeness, and leadership while respecting democratic values, other people's legitimate rights, and the nation's essential stability.

Ladies and gentlemen:

We are living times demanding productive efforts and discipline to move toward the economic growth we, all Mexicans, need. This is the Mexico we all want. We are also living times demanding good sense and commitments, political maturity, and composure to move toward a full democracy. This is the Mexico we all want.

We are proving and we will keep proving that, united, we can forge the Mexico we want. We, all Mexicans,

have a task and a responsibility in this forging. I know well that you are doing your tasks and assuming your responsibilities in this construction. The works you have done here attest to that. I congratulate you for the success of this meeting. Thank you very much.

Finance Secretary on Pressure in Financial Markets

PA0410020995 Mexico City Radio RED Network in Spanish 0000 GMT 29 Sep

[Report by Gloria Hernandez; from "The Night Monitor" newscast]

[FBIS Translated Text] [Hernandez] A few moments ago, Finance Secretary Guillermo Ortiz Martinez spoke about the pressure being experienced in the financial markets in recent days, and said that the Finance Secretariat hopes this situation of uncertainty will be temporary.

Ortiz Martinez pointed out that the instability being experienced in the international financial markets is reflected in Mexico's financial markets. He also voiced his confidence that this financial instability will not last long. In addition to foreign events, he indicated, there are domestic political factors — in the specific case of Mexico — that have led to instability. Let us listen to part of his remarks in this regard.

[Begin Ortiz recording] By the end of the quarter, [words indistinct]. There is increased uncertainty as a result of problems and instability in the international markets. We hope this situation will be temporary. Everyone knows that our current positions are very different from those we assumed in the past. Thus, these outbreaks of uncertainty and instability in the markets are not due to the same reasons that might have triggered them at the beginning of the year, and this is why we hope they will be temporary. In addition to seasonal and international factors, there are some domestic events that have caused some confusion [words indistinct]. [end recording]

[Hernandez] In fact, Ortiz clarified that no one believes a situation such as the one faced in December 1994 will happen again. Within this framework, the private enterprise ruled out any possibility that the peso will suffer another devaluation soon.

Meanwhile, the Business Coordinating Council remarked that it is not time yet to set an exchange parity, while the Employers Confederation of the Mexican Republic maintained that an appeal for serenity is necessary to recover peace and redirect the efforts being made in the economic area. Thus, these are the views of the Finance Secretariat and the private sector.

Report Assesses New Upheaval in Financial Markets

PA0410233095 Mexico City EL FINANCIERO in Spanish 3 Oct 95 p 4

[Report by Alicia Salgado, Rosa Elba Arroyo, and Gerardo Flores]

[FBIS Translated Excerpt] On 2 October, the Mexican financial markets sustained a new upheaval in response to political and economic factors that were evinced by a 4.19 percent fall in the price and quotation index of the Mexican Securities Market and by a \$500 million capital flight.

According to analyses conducted by large Mexican and New York financial firms, the flight of these resources was a response to our country's lack of direction, the uncertainty regarding mid- and long-term strategies, and the limitations of the factors that could encourage the recovery — namely, public spending, monetary and credit policies, and foreign capital's lack of confidence to return to the Mexican financial system.

"The extreme volatility domestic financial markets experienced is the result of the lack of confidence in their authorities and in the proposed economic plan. Foreigners are not the problem; Mexico and the uncertainty on its future are," people said at the end of the week's first financial day, when the interbank dollar rate closed at 6.49 percent [as published], 10 cents more than the closing rate achieved on the afternoon of 29 September, when the maximum rate was 6.51 new pesos.

In addition, during the day, there was a rumor about the imminent resignation of Miguel Mancera. A Bank of Mexico (Banxico) spokesman denied this rumor.

Secondary rates were well above primary rates, making analysts and market operators believe that more than 36 percent of the amount of 28-day Cetes [Treasury Certificates] could be sold at the 3 October session, when an increase of more than one percentage point, as compared to last week's result, is expected.

"The market is deflated, because there are no dollars or liquidity enough for corporations and banking and financial institutions to cover their short-term liabilities," market operators pointed out, adding that "there is a persistent demand for higher returns on interests."

Finance and Public Credit Secretariat sources stressed their conviction on the "temporariness" of the speculative wave hitting the financial markets. At Banxico, another meeting of "moral persuasion" was held on 2 October to ensure that intermediaries "would help stabilize the exchange and money markets," a Banxico spokesman affirmed.

In its "report on the monetary policies of the first half of 1995," Banxico emphasized that the free exchange floating system will be kept, because "it would be risky, given the current circumstances of instability in international capital flows, to set a parity or establish a foreign exchange floating band system."

However, the report added that, under the free floating system, "in critical periods such as this one, parity is more easily influenced by the quick change of expectations on future events, thus resulting in a larger volatility that could adversely affect the efficient allocation of resources, as it renders difficult to make microeconomic and macroeconomic plans and because it promotes interest rate hikes."

Technically speaking, banking sources explained, the devaluation of the peso vis-a-vis the dollar is explained by the lack of foreign exchange to pay the liabilities and debts owed by companies and banks, because the dollar credit line Banxico opened through Fobaproa [Savings Protection Banking Fund] has been almost paid off and because bankers refuse to use it because of the high interest rates the final moneylender charge (from 17 to 25 percent), considering that dollars can be borrowed from the market, even from the "street" market, at a lower price.

In addition, market operators assessed that the increase in the demand for dollars can be explained, because the single account banks opened at Banxico will be closed on 6 October and because many of its participants have "short-term liabilities." [passage omitted]

Seventh Phase of Talks With EZLN Ends in Chiapas

PA0510001795 Mexico City XEW Television Network in Spanish 0400 GMT 4 Oct 95

[Report by Juan Sebastian Solis in San Andres Larrainzar, Chiapas, State, for the "24 Hours" newscast — passages within quotation marks are recorded]

[FBIS Translated Text] The installation of the work group on Indian rights and culture concluded on Tuesday [3 October] in San Andres Larrainzar. The Mexican Government and EZLN [Zapatist National Liberation Front] delegates agreed on the rules with which the group will begin its activities on 17 October.

Three documents on minimum security measures, regulations for the work group, and everything dealing with secondary topics, guests, headquarters, and work schedules were approved in three days of activities.

It was agreed the issue of Indian rights and culture would be handled by six work groups — community and autonomy; justice guarantees; political participation and

representation; Indian women's situation, rights, and culture; access to the media; and Indian culture support and development.

Five groups will be installed in San Cristobal de las Casas and one will be installed in San Andres Larrainzar. Activities will be divided as follows: There will be a first phase in which each of the parties may invite up to 20 persons per group. Work sessions will last up to six days with breaks of up to three weeks. Up to 15 guests will be able to participate in the second phase and meetings may last up to six days with breaks of up to four weeks. The last phase will be the installation of a plenary session where they will establish the definite agreements.

Maraco Antonio Bernal, coordinator of the government delegation, reviewed the San Andres Larrainzar dialogue upon conclusion of its seventh phase.

[Bernal] "We have the conviction that today's process will consolidate the talks and allow us to enter in-depth solutions."

EZLN Commander Zebedeo said a political situation which threatens and endangers what has been built currently prevails in Chiapas.

[Zebedeo] "We have achieved progress, there are documents, there are agreements, but there are no facts. There is no real proof or political and military detente from the authorities."

The delegates have been summoned to meet again on 17 October.

Document Outlines Reorganization of Army

PA0410144195 Mexico City EL FINANCIERO in Spanish 25 Sep 95 pp 42-44

[First of three installments of an article by Ignacio Rodriguez Reyna: "The Enemy Is Also Within: The Army of Rangers and Green Berets"]

[FBIS Translated Text] *Four decades more or less of peaceful military existence, disturbed only by the Tlatelolco events, the followers of Professors Genaro and Lucio, and the Salinas "Thatcherism" that made olive drab the color of presidential authoritarianism are not easy to leave behind.*

Had it not been for the interruption made by the shots fired from the Lacandona jungle, calmness within the Army would still have a full reign.

Affected little by change, the Armed Forces have reacted at an unheard of speed. "It is the awakening," high-ranking officials are saying.

From an Army of slow and heavy structures, scarce capability to react, and outdated training, a military force unknown in Mexico is beginning to be created. The new Mexican Army, one basing its strength on green berets, commando units, elite forces, assault troops, is already under way.

Starting in January 1995, high-ranking military leaders embarked on a profound reorganization of the Army as never seen before, the general outline of which is contained in a confidential document entitled "The Mexican Army and Air Force Development Plan" and its annex.

Those documents contain the sketches of the Mexican Army of the 21st century. For example, the following is included:

1. The organization of the Army into smaller, highly qualified commando units that will have great mobility, precision, and effectiveness.
2. The shaping of a true military intelligence system.
3. The laying of the foundations for the creation of a future unified body that will coordinate the actions of the Air Force, the Marines, and the Army.
4. The carrying out of joint operations with the Mexican Navy. The last joint operations were carried out in 1964.
5. The development of the Air Force by furnishing it with new equipment.
6. The purchase of sophisticated equipment and weapons.
7. The technological and computer "revolution" within the armed forces.
8. The creation of "special forces" squadrons in each military region, particularly in Chiapas and Guerrero. They will be equipped with sophisticated equipment and weapons.
9. The incorporation of civilians onto the Army roster.
10. And last but not least the radical redefinition of the national security concept the military hierarchy has had.

Therefore, we are talking about an Army whose main tasks will be the fight against insurgents and the fight against drugs.

The Political Risks of the "Revolution of Ideas"

A change of this magnitude had not taken place for almost 60 years, when General Lazaro Cardenas ordered the creation of the War Secretariat in 1937.

"It is a revolution of ideas; it is a revolution within the Army," assessed Roderic Al Camp, who is perhaps the

best foreign connoisseur of the entrails of the Mexican Armed Forces.

Nevertheless, for certain Army officers, this program does not have too much substance, because they have argued the changes are typical of an evolution within the military ranks. "The restructuring is being centered around the creation of special forces units in each region, and, more importantly, they will be assigned to logistics and intelligence tasks. We are dealing with correcting deficiencies. It is nothing more than that," said a lieutenant colonel who has asked to remain unnamed.

A division general has concurred with him: "It is nothing spectacular. These are matters that are taking place. The special forces, which is the issue about which civilians are concerned, is nothing new. All armed forces have them, but they have nothing to do with repression, human rights violations, or anything else."

Perhaps it is because they see it with eyes accustomed to detecting implications over military circles. No one within them is thinking the changes will bring about any political impact whatsoever. Moreover, no one thinks it is significant.

The perception outside the military is different. Guillermo Garduno, a sociologist and military strategy expert, has appraised that "thanks to the changes, the Army will become the most modern public administration sector that will have a very broad and sophisticated information network capable of going anywhere."

But not only that. A reform of this type implies granting the Army enormous political power. "With a weak president like the one we now have, he could become hostage of the armed forces," Garduno added.

That risk exists. It will depend on relations between the civilian and military leadership, but most of all, on the civilians' strength, Camp agreed, who is a Tulane University researcher and author of "Generals in Palacio, the Modern Mexican Military" [title published in English].

"If the civilian leaders show strength, purpose, and take measures to solve the country's problems, there will be no problem. The military belongs to an institution. But if that does not exist and there is no consensus among politicians, society, or — more importantly — among the military, the Army is likely to exert more political pressures, although not directly."

This is not the first recent attempt to modernize the armed forces. General Juan Arevalo Gardoqui, defense secretary during the administration of President Miguel de la Madrid, wanted to, but could not. Antonio Riviello

Bazan, defense secretary during the administration of President Carlos Salinas de Gortari, was hamstrung by the Salinist style of ruling and budgetary constraints.

Structured in 36 major divisions, corresponding to an equal number of military zones, Arevalo Gardoqui tried to change the structure so the armed forces would be grouped into seven major army corps, of which only one materialized.

With General Riviello Bazan things did not seem to move along so fast either, except for the purchase of significant shipments of light vehicles after senior officials became impressed by the performance of this equipment during "the Desert Storm Operation" in the Persian Gulf. That is how things stood on January 1994 when the bullets fired from the rifles of soldiers and Indians would shatter the ambiguities surrounding the restructuring of the Army.

Commandos, the Basis of Restructuring

Stephen Wager, U.S. Army colonel and author of a doctoral thesis on the Mexican armed forces, had warned about it in December 1993:

"Since the threat of foreign interference in Mexico's internal affairs is more and more reduced, forces that are agile, mobile, and quick to react are more suitable to handle the government's major challenges coming from the social unrest stemming from the economic crisis and the power of drug barons."

After Chiapas, the doubts were dispelled. Putting the special forces into operation, thus, became one of the army's top priorities during this administration.

In fact, the 16 areas included in the Development Program and its annex — a 14-page document outlining the specific tasks required to achieve the transformation of the Armed Forces — have measures to achieve that goal.

For example, this is how the top military command will devote its efforts in the coming years, according to the documents:

Creating an organism to direct the special forces troops and studying the possibility that the one created initially as Army headquarters will incorporate it.

Establishing a special operations school with the GAFE (Special Airborne Forces Group) [Grupo Aerotransportado de Fuerzas Especiales] and the special operations unit of the First Army Corps, in order to train the troops in urban and suburban operations and organize special operations schools in the desert, mountain, and jungle terrain in four regions.

Training the special forces personnel in special weapons and vehicle assault techniques and tactics; localizing, activating, and deactivating explosives; protecting officials, antiterrorism, and breaking into buildings.

Creating air-mobile units, with priority given to the southeast, including in their training strafing and rocket launching operations with the support of land forces.

Creating special regional airborne forces in Guerrero and Chiapas.

Training all units in special operations, picking the best personnel, who would be deployed in regions of the southeast (Chiapas and Guerrero States), center (Jalisco and the gulf), and northeast (Sinaloa, Sonora, and Chihuahua States).

Intensifying the training of Air Force members in air tactics [aerotacticas].

Continuing special courses for drivers [conductores] and gunners and in explosives and night vision apparatus.

Intensifying training through infantry, armor, and air force simulators.

Stepping up training in combat patrol activities.

Doubts Over What Happened in Guerrero

In sum, the idea is to have in a brief period of time an army the likes of which has never been known in Mexico, comprising special force command units capable of reacting almost instantly to any external or internal development.

The words of a general define those elite corps better than anyone: "They are rangers [preceding word in English], green berets. It is a system employed by the major powers. These corps are characterized by the swiftness, precision, and force they use. They are commando units comprising from 90 to 105 servicemen, more or less a company. Precision, not a large number of soldiers, is required.

"They constitute a group highly trained in counterinsurgency and narcotics techniques and tactics. Each of its members is specialized in explosives, firing special weapons, telecommunications, helicopter use, etc."

Another way of saying it is that they are more sophisticated antiguerrilla fighting commando units, not because these never existed but because they constituted "something" more. There was only one group selected, equipped, and trained by the U.S. Army.

"They operated in Ocosingo and Las Margaritas. The human elements exist already, but without the structure to take advantage of their capabilities it is as if there

was nothing. Today we are creating the structure to incorporate the commando units," Garduno stated.

There are other antecedents. In the 1970's in Guerrero, they engaged in operations against guerrilla cells. They operated in the area of the 27th Military Zone, stationed in Acapulco. The chief of staff of the zone was current Defense Secretary General Enrique Cervantes Aguirre.

Operating in dangerous situations is one of the key objectives of the special forces. The goal is to anticipate, prevent, and be ready to respond to developments such as guerrilla upsurges.

The existence of these groups, the Mexican specialist added, entails a state of maximum alert that prevents the possibility of incidents like the ones in Chiapas from occurring.

"No more surprise armed uprisings. The efficiency may reach such a point that society perhaps may not learn about the existence of a rebel outbreak."

That is the point, foiling things before they come into the public eye. Because of that, the doubt emerges regarding what is happening in Guerrero.

In the last half of the year, there have been constant troop movements in the mountains of that state. It has been officially reported that they are carrying out routine missions or are taking part in the campaign to wipe out narcotics.

The media have been reporting about alleged groups up in arms. Nothing has been confirmed. The only certain thing is that part of the development program calls for the establishment of an Airborne Group of Special Forces. The question is: For what?

The lieutenant colonel replies:

"Guerrero is an area where conflicts have historically existed. It is not that we have detected an outbreak of guerrilla activity. Each region has its problems. Guerrillas existed in that state in the 1970's. The state has also seen drug trafficking and spreading social violence. There is a possibility that something may emerge there because of those conditions, but there is nothing specific."

The article by Roderic Camp is slightly different:

"This means the Army is taking into account and is perceiving that there are areas in Mexico with conditions very similar to those existing in Chiapas, areas with conditions of extreme poverty."

The emphasis on the special forces trained to fight guerrillas is very similar to the one used in Central America in the 1960's. It was an approach implemented

with the help of the U.S. military officers, which reached its peak when the Cold War was at its highest level.

It is an approach that causes controversy, to say the least. "If the Army represents a legitimate government, not a de facto one, it can be said that it is only a way of responding to situations that come up," the director of the Center for Latin American Studies at Tulane University has said.

The special operations are not necessarily intended to conduct repressive operations, he has said.

"That was in the past, but they are now common in world strategy. The wars of the future will not be huge battles among numerous armies, but much smaller, better trained forces with more sophisticated equipment will be used.

The Employment of Civilians and Revision of Promotion in the Ranks [subhead]

As part of its development program, the Mexican Armed Forces are willing to include and recruit civilians with whom they have traditionally had little contact, something which has been considered a mistake by Army officers and chiefs, because we are part of the same society.

Several of the measures being planned by the top military command are short-term goals, for example:

- The creation of an organization capable of training, supervising, and leading forces composed of civilian personnel who would provide security to vital installations.

- The employment of civilian personnel in social projects by paying them a salary in coordination with the Sedesol [Social Development Secretariat].

- To study the recruitment and payment of civilian professionals and specialists as advisers in disciplines that are not the domain of the military personnel.

- The creation of jobs that are attractive for professors (from the Military University). They may be hired at a commission or ranks may be granted to them.

These proposals constitute a giant change in the opinion of those who are experts on the Mexican Army. "These types of actions imply there is a desire to deal with the political, economic, and social causes of the problem in Chiapas," Roderic Ai Camp has said.

Officers have a similar view: "The idea is not bad. The participation of civilians is good. Effort and knowledge would be incorporated. There would be a greater social interaction. This mine has not been discovered. Isolation

is wrong. It makes us vulnerable because of the lack of knowledge."

A division general has said, however: "It is nothing new. It has existed in the past. They were called the "inserted ones." They were civilian professionals who were granted a rank. For example, veterinarians and dentists were recruited, but there were excesses. Ranks were being handed out at the will of the officers. Even journalists had their own Colonel Garcia Valseca, who was no colonel at all.

Included among the points dealing with the handling of the personnel, the proposal to recruit civilians is part of a list of other important proposals for the military:

promotions. Proposals have been made to review procedures for granting promotions and to "make promotion among the higher ranks more fair and objective," meaning promotions between the ranks of colonel to division general.

According to Camp, this indicates that there is frustration with the promotion processes among the ranks of the Mexican Army and that there is favoritism among the officers, something which is a serious weakness because it adversely affects the level of loyalty to the higher ranks but not toward the institution. The latter remains at its highest level.

Costa Rica

Government Grants Asylum to Former Soldier

95CA0410A San Jose LA NACION in Spanish
21 Sep 95

[FBIS Translated Text] Tegucigalpa, 21 Sep (ACAN-EFE)—Costa Rica will grant asylum to Honduran national Fausto Reyes Caballero, former member of a military battalion that participated in the forced disappearance of individuals in Honduras in the 1980's, reported a leader of a human rights organization yesterday, Wednesday.

Ramon Custodio, chairman of the Committee for the Defense of Human Rights in Honduras (CODEH), told ACAN-EFE that Reyes Caballero, who illegally entered Canada several years ago, opted to request asylum in Costa Rica. He will arrive in that country in the next few days.

The Canadian Government decided to expel Reyes Caballero for not disclosing his role in the disappearances in his capacity as driver for Battalion 3-16, a special counterinsurgency corps in the Honduran Armed Forces.

Custodio indicated that Reyes Caballero believes "no one will guarantee him protection in Honduras," so he has chosen to seek asylum in Costa Rica.

Three other Hondurans, Florencio Caballero, Jose Barrera, and Jose Valle, who are also implicated in disappearances and are residing in Canada, may be deported by the authorities of that North American country.

The four men made statements last June to the Baltimore daily, THE SUN, regarding their involvement in the disappearances, and this complicated their status in Canada.

During the 1980's, some 184 persons disappeared in Honduras, including nationals and foreigners, according to the report "The Facts Speak for Themselves," submitted by National Human Rights Commissioner Leo Valladares in December 1993.

So far, only the remains of Honduran Nelson Mackay Chavarria, who disappeared in February 1982, have been found, in a grave along the banks of a river in the southern part of the country.

Leo Valladares states in his report that civilians and military personnel were responsible for the forced disappearance of individuals, and he recommends the investigation and prosecution of the culprits.

Ten military officers, both active and retired, are facing prosecution for the temporary disappearance of six university students in 1984.

It was also announced yesterday that at the end of next October, the remains of four Hondurans and two Salvadorans who disappeared between 1980 and 1984 will be exhumed.

Guatemala

President Wants 'Festive' Election Day

PA0410201495 Guatemala City Teleonce Television in Spanish 0345 GMT 2 Oct 95

[From the "Telepress Newscast"]

[FBIS Translated Text] President Ramiro de Leon Carpio confirmed today that the national guard and not the Army will be providing the security for the 12 November elections. He explained why the military will not be participating in security measures:

[Begin recording] [De Leon] We are trying to keep the Army off the streets. We do not want anyone to think that the country is militarized. We want to ensure in fact and appearance that there is total freedom. We are trying to make election day a festive day. The electoral authorities have asked me to try to create a festive atmosphere. We intend to have xylophone music near all the electoral tables so that it will truly be a civic holiday.

[Correspondent] [Words indistinct]

[De Leon] We are discussing this with the political bodies and are scheduled to meet again on Tuesday or Wednesday, I believe, to discuss this matter. [end recording]

Honduras

Foreign Minister Views UN Meeting Results

PA0510015295 Tegucigalpa Telesistema Hondureno Television Network in Spanish 0100 GMT 3 Oct 95

[From the "This Very Day" newscast]

[FBIS Translated Text] Today, Foreign Affairs Minister Delmer Urbizo Panting discussed the outcomes of his meeting at the United Nations [UN]. Among other things, the foreign minister said the U.S. Congress has frozen approval of a law that would extend better treatment to Honduras or to products exported from Honduras to the U.S. market. Here is Roberto Reyes with the report.

[Begin recording] [Reyes] Honduras obtained new bilateral and multilateral agreements by participating in the regular assembly of the UN, according to Foreign Minister Delmer Urbizo Panting.

[Urbizo] In meeting with Alexander Watson, our position was to defend the economic interests of Central America because of problems that are occurring in the United States, such as withdrawing from the agenda the program of commercial security, known as NAFTA parity, given the concern of some U.S. congressmen [words indistinct]. With that opportunity, we demanded the tacit and unconditional support of the Clinton administration so that this program will be submitted again to the Congress and so that we Central Americans can have an opportunity to develop our industries in a balanced and progressive manner. Alexander Watson voiced the support of the Clinton administration in that respect.

[Reyes] During a news conference, the foreign minister also referred to the progress in the delimitation of the Honduras - El Salvador border, which is being carried out, considering that dual nationality will not be approved.

[Urbizo] We are not forgetting that persons born before the ruling are Honduran citizens or about others whose nationality might be affected for having lived outside of national territory. I don't think there will be any problems in that respect. If they have property, and we consider them to be Hondurans, then they will fall under the authority of Article [words indistinct]. Those who do not want to [word indistinct] will have to assume the consequences.

[Reyes] Finally, the foreign minister referred to the delimitation work under way on the Honduran - El Salvador border, which has continued without any problem. [end recording]

Panama

'Exploratory' Talks on U.S. Bases Viewed

PA0410175295 Panama City EL PANAMA AMERICA
in Spanish 4 Oct 95 p B-6

[By Arnulfo Barroso Watson]

[FBIS Translated Text] President Ernesto Perez Balladares confirmed after meeting the Arnulfist Party [PA] leadership last night that Panama and the United States will open "exploratory" [exploratorio] talks in two or three weeks on the issue of a U.S. military presence in Panama after the year 2000. Perez Balladares disclosed that the opposition could participate in the talks "at any level they want."

Perez Balladares had breakfast yesterday with PA President Mireya Moscoso. He visited PA headquarters in the afternoon, where he briefed the opposition leaders on the scope of his talks with U.S. President Bill Clinton regarding the topic of military bases.

The president told EL PANAMA AMERICA that his government would appoint "delegates to the talks" in the coming hours. These delegates, who will discuss the topic of the military bases with their U.S. counterparts, might include members of opposition parties.

"We invite PA members and all Panamanians who have any interest in meeting with us, because this dialogue will be an open one, without any secrecy," he emphasized.

Mireya Moscoso thanked Perez Balladares for his explanations on the subject of the bases. An Arnulfist source indicated that the president stated that the talks will be divided into three stages:

1. exploratory talks;
2. formal [formal] talks;
3. a referendum for the Panamanians to approve or reject the agreements resulting from these talks.

The source added that the president said he believes the results of the talks are expected for late 1996.

According to the source, the president remarked that other formulas will be considered, among which he mentioned the possibility of a joint use of Howard Air Force Base by the two countries.

Meanwhile, Panamanian Ambassador to Washington Ricardo Alberto Arias disclosed that the United States appointed Michael Skol, principal deputy assistant secretary of state for the Hemisphere, as chief of the U.S. negotiating team. He added that the U.S. Government informed him that officials from the White House and the Department of Defense, who have not been designated yet, will also make up the U.S. team. Arias noted that the United States "is determined to negotiate," as was stated within the context of the meeting held between President Clinton and President Perez Balladares. According to the ambassador, Washington "was the first one to decide that it would be interesting or beneficial for the United States" to maintain its military presence in Panama. He said that the first talks — which would be held in both countries — would be "very preliminary" and geared toward establishing the benefits that maintaining the U.S. troops would entail for Panama.

Politicians Consider Renegotiation of U.S. Bases

PA0410191895 Panama City Telemetro Television
Network in Spanish 1730 GMT 4 Oct 95

[Report by Myrna Ortega; from the "Telemetro Reports" newscast]

[FBIS Translated Text] Arnulfist Party [PA] members met this morning on a possible renegotiation of military

bases, following President Ernesto Perez Balladares' talks with the PA's board of directors on his September trip to Washington. Today's reaction to the talks between PA President Mireya Moscoso de Gruber and the president has been mixed:

[Begin recording] [Moscoso de Gruber] President Perez Balladares briefed the party's board of directors last night on his conversation with President Clinton. He said that nothing is underway yet — only an exchange of views between the Panamanian and U.S. Governments — and that the U.S. and Panamanian Governments have yet to appoint commissions to the talks. We are waiting for him to appoint the commission to the talks. The Panamanian people must know what will be negotiated. We must know what is being negotiated with the U.S. Government before we respond.

[Ortega] Would you support any negotiation on the bases?

[Moscoso de Gruber] I cannot forecast the PA's position. The board of directors must consider this. We will consider what is best for the Panamanian people. The Panamanian people must decide whether they want the bases to stay or go. We cannot respond until we know what is to be negotiated. [end recording]

Former President Guillermo Endara has said that he does not agree with renegotiation. He also said that he would not participate in any commission:

[Begin Endara recording] Negotiating over the bases is not in our national and economic interests. This is not reality. I want my position to be clear. I spoke as an individual when I was a candidate for president, when I was president, and now as Guillermo Endara, the former president of the republic. I cannot speak on the PA's behalf. PA members agreed at today's meeting that we must comment in public on this issue and discuss it at length. It cannot be a demagogic and superficial discussion. It must be discussed in depth and properly analyzed. [end recording]

Foreign Minister Gabriel Lewis Galindo will be responsible for organizing the team that will represent Panama at the talks. The president has confirmed that this will be an open dialogue.

PTJ Creates Special Unit To Detect Counterfeit Money

PA0410230595 Panama City LA PRENSA in Spanish
2 Oct 95 p 3

[Report by Jose Otero]

[FBIS Translated Text] Sources from the Judicial Technical Police [PTJ] have disclosed that the PTJ created

a special unit to detect counterfeit money and face the international bands devoted to this illicit action that are trying to use Panama as a new field of operation.

It was also disclosed that this new unit, which has agents duly trained by national and foreign experts, has set strategies to attempt to stop the entry of counterfeit money, mainly coming from Colombia and the United States, into national territory.

The source pointed out that the method counterfeiters are using consists of using bills of low denomination (five's and twenty's) to use them in small businesses, thus avoiding the filter the banking center or large companies have.

In the last few months, large amounts of counterfeit money of low denomination have been found circulating at gasoline stations, small supermarkets, markets, drug stores, movies, and fast food joints.

"We have a more precise control to prevent 50-dollar and 100-dollar bills from being used in businesses; however, the bills of lower denominations do not have a filter," the source explained, adding that there is evidence that international bands devoted to this illicit action are trying to "swarm" the Panamanian territory with this counterfeit money and that, at the same time, they are doing this to use it as a "meter" to ensure that they can send this money to other countries in the area.

It was learned that the National Banking Commission is training personnel to clearly detect counterfeit money of low denomination circulating in the country.

Police reports stated that techniques to forge credit cards by using heat to reimpert the base numbers and then use them at automatic tellers have been detected. Likewise, credit card forgers "scrape" the original numbers and imprint new ones. This technique has been detected more frequently. It was warned, however, that these techniques "are being used by bands of forgers attempting to invade Panama."

Argentina

Companies Receive Information on Malvinas Agreement

PY0410185295 Buenos Aires TELAM in Spanish
1840 GMT 2 Oct 95

[FBIS Translated Text] Buenos Aires, 2 Oct (TELAM) — Deputy Foreign Minister Fernando Petrella said today that oil companies want to know more about the oil exploration agreement and exploitation around the Malvinas Islands that was signed between Argentina and Great Britain.

After a meeting at the Foreign Ministry, Petrella said: "There is a lot of interest. Proof of this interest was obvious. Some 70 executives representing the largest oil companies" in Argentina attended the meeting.

The deputy foreign minister believes the result of the call to brief oil businessmen on the agreement "could not have been more encouraging."

Petrella told TELAM that following the signing of the cooperation agreement, oil businesses in the Malvinas region "have ceased to be a diplomatic or a political issue, they are now an economic matter."

He said: "This meeting launched the technical and economic stage of the problem. We are trying to interest companies established in Argentina."

He expressed optimism about congressional approval of the agreement, stressing "the maturity shown by legislators throughout the negotiations and their contribution" to the agreement.

Petrella said he believed "Congress will approve the amendment to the Hydrocarbons Law and will vote on the draft bill sponsored by Senator Eduardo Menem to modify the law to the joint declaration."

Entrepreneurs were briefed on legal and juridical questions in today's meeting. Petrella assured entrepreneurs: "All the time you respect Argentine legislation there will be no juridical risk" in operating in the zone.

Representatives of YPF [Government Oil Deposits], Shell, Pius Petro, Perez Companc, Total Austral, Petrolera San Jorge, and the Compania General de Combustibles, among others, attended the meeting.

The main concern among the company representatives was the juridical guarantee to operate in waters close to the Malvinas Islands.

Petrella, Foreign Policy Under Secretary Guillermo Gonzalez, Foreign Ministry Legal Adviser Alberto Davedere, and Energy Secretariat officials explained and answered questions.

A document that was handed to the businessmen present stresses that the joint declaration "offers companies established in Argentina broad opportunities to participate in oil exploration in the different areas indicated" in the agreement.

Officials indicated that "the main decision" is to "encourage commercial activities in each zone," through "joint ventures" and consortium from both sides.

It was also decided "to promote cooperation between companies of the two countries on the elaboration of joint projects for exploration, production, and the use of the infrastructure," and to create "conditions for the substantive participation of companies of the two countries in those activities."

It was also reported that a subcommittee subordinated to the Mixed Commission will coordinate the work between both parties. Both governments will decide how this commission will operate.

At the end of the meeting Perez Companc President Oscar Vicente stressed that the country will benefit greatly from the "development of technology" to explore in the Malvinas Island area.

Vicente told TELAM: "The geological interest in the cooperation zone is very important because that is where the sedimentary basin is more extensively developed."

Total Austral General Manager Michel Contie told TELAM that the "interest" in exploring for oil in the Malvinas area "centers on the fact that very few unexplored regions" remain in the world.

Total, a company of French origin that is engaged in "offshore" exploration in the Tierra del Fuego region expressed interest in "reviewing the geological, economic, and juridical data" provided by the Argentine Government given their knowledge of "the South Atlantic and zones close" to the area where they are operating.

Mutual Advantages Seen in Oil Accord With UK

PY0510005095 Buenos Aires LA PRENSA in Spanish
28 Sep 95 p 2

[Article by Ana Gerschenson: "A Marriage of Convenience"]

[FBIS Translated Text] The signing of the oil agreement with the United Kingdom constitutes a momentous event. Still, differences in opinion flare up — according to who the interlocutor is — when considering the direction in which one is heading.

The small print of the joint declaration revealed a complex discourse mechanism based on ambiguities carefully thought of by both parties' linguists and diplomats.

The text of the declaration manages to suit the interested parties well. This seems not only satisfactory, but also advisable for the triangle Buenos Aires-London-Puerto Argentina [Port Stanley]. The joint declaration sought to strip an economic agreement of political overtones, to depoliticise it, while still endowing it with a political content.

A symbiotic game: Argentina was crying out for an extension of the joint cooperation zone to the area under dispute. The Malvinas Islands inhabitants had sworn that they would not allow it. And yet, oil companies demanded a legal and political framework as a prerequisite for operating in the South Atlantic. A compromise was finally worked out. Argentina committed itself to refraining from putting a spoke in the Kelpers' wheel when they called a licensing round in London on 3 October. The Argentine Government will not be able to meddle in the granting of licenses or to decide which companies will drill for oil in the area under contention. It will limit itself to complaining audibly, but may not take any measures that jeopardize legal security in the zone in question.

In exchange for this, the British will turn a blind eye when Buenos Aires enforces the payment of a 3 percent oil royalty on the companies to which the Kelpers will grant a license to operate in Malvinas Islands' waters. From that point onward, the discussion of the legal implications of the joint declaration opens up. The accord with the United Kingdom brings both feuding parties closer together. [Foreign Minister] Guido Di Tella has every reason to feel like a Buenos Aires version of Valentino. The British came to the negotiating table and a first agreement was hammered out. Will the Argentine Foreign Ministry's policy of seduction be persuasive enough to broach deeper subjects? That will depend exclusively on how events develop, because this is just the beginning. Putting in place such a complex system based on mutual tolerance will prove to be a Herculean feat, just like the recently signed accord.

Brazil

Cardoso Signs Electoral Bill, Vetoes Four Articles

PY0410113395 Sao Paulo AGENCIA ESTADO
in Portuguese 0147 GMT 30 Sep 95

[Report by Claudia Carneiro]

[FBIS Translated Text] Brasilia, 29 Sep (AE) — President Fernando Henrique Cardoso tonight signed, with four vetoes, the electoral law that will govern the 1996 municipal election. In his first veto, Cardoso lifted a ban on the dissemination of analyses, commentaries, and projections based on electoral polls. Cardoso maintained, however, the 60-day period for free radio and

television campaigning that was reinstated by the Chamber of Deputies, after the Senate had reduced it to 30 days.

Justifying the veto, Cardoso contended that the ban "undermines both the freedom of information and the guarantee to have access to it." Thus, the administration considered the ban — which was included in the version recommended by rapporteur Joao Almeida (PMDB-BA) [Brazilian Democratic Movement Party-Bahia] and approved by the Chamber of Deputies — to be unconstitutional.

Cardoso also vetoed the controversial Article 77, which extends from 90 days to seven months the electoral immunity period for public servants. As a result of this veto, the current system will stand; that is, the executive branch may not fire or hire any public servant during the period extending from the election to the date of the inauguration. This veto was based on the grounds that an extension of this period would bring an unjustifiable burden upon the administration.

Cardoso's two other vetoes affected Article 17, paragraph two, which made it mandatory for ballots to bear the pictures of candidates so that they would be more readily identified, and Article 28, section two, which provides that requests for recounting ballots made at the time of the vote count should be automatically granted. The administration described the latter measure as unconstitutional because it encroaches on judicial powers.

The new electoral law will go into effect on 2 October, when it will be published in the *Diario Oficial*. This is the deadline for the electoral law to be applicable for the 3 October 1996 elections. Among other provisions, the new law requires that women account for 20 percent of candidacies for councilmen nominated by each party.

Chile

Finance Minister Interviewed on NAFTA Talks

PY0410113695 Santiago LA TERCERA DE LA HORA
in Spanish 24 Sep 95 Interviews Supplement pp 4, 5

[Interview with Finance Minister Eduardo Aninat by Maria Eugenia Oyarzun en route to Vina del Mar on 22 September]

[FBIS Translated Text] [Oyarzun] In referring to the "fast track" [preceding two words in English], Deputy Jaime Orpis maintains that no progress was really made; it was just "not allowed to expire." Is that so?

[Aninat] First, President Bill Clinton formally promised President Eduardo Frei he would make every effort possible for Chile to join NAFTA. In the second place,

at 1700 yesterday I received a phone call from U.S. Trade Representative Mickey Kantor, appointed sole negotiator by President Clinton, who told me: "It is not the draft bill I would have liked; we wanted something more flexible, but at least it allows me to continue talking and negotiating with the Republicans. It gives us more time, and represents an approval." A disastrous scenario would have been if there had not even been a session, or if they had voted against it. Then we would have really been "up the creek." This is not a victory, but it is a step forward.

[Oyarzun] What chances does Chile have of joining the Free Trade Agreement (FTA)?

[Aninat] In my capacity as negotiating minister, during my spare time, I believe some two or three weeks will elapse during which this approved "fast track" bill will gradually be perfected before it is submitted to the Ways and Means Committee and to the Senate's committees. Therefore, the next thing will be an intense diplomatic phase during which Republicans and Democrats must reach agreements. I am not denying it is going to be complex; there is still a long way to go. Together with Andres Velasco, Juan Gabriel Valdes, and Alejandro Jara of the Foreign Ministry, we will hold meetings with the technical experts, that is, the business sector, the government, and the CUT [United Workers Confederation], and we will make progress and prepare the negotiations folders. We praise this first step; it is positive. It did not happen during Aylwin's administration, nor during the first year of Frei's administration, but we have it now, and will continue to make progress. Let us assess the situation at the end of the line, not before, which is a very typical Chilean attitude!

[Oyarzun] How would you explain the purpose of the FTA to the ordinary man on the street?

[Aninat] It has what we could call a symbolic institutional effect because it means that — if things go well and the FTA accord is signed — this small, distant country can say it is a first-class partner of Canada, the United States, and Mexico, countries that surpass us in size, population, production, and foreign trade. It has a significant impact. It gives us confidence.

Lastly, it is important for the ordinary man on the street because we would have a cheaper and more sophisticated basket of imported goods. That is what the people want. The people want to be able to import good-quality and inexpensive blue jeans from New York, to export our fruit at a much more processed level, to have a more varied basket.

[Oyarzun] Right at the beginning, the CUT was opposed to the negotiations. Has it changed its viewpoint?

[Aninat] At one point, the CUT leadership proposed the idea of bilateral Chilean-U.S. negotiations, and we responded that we would do what we could. Negotiations ended up being multilateral. On Wednesday, 20 September, CUT leader Manuel Bustos told the media that he was making an appeal in support of the "fast track" and negotiations. He is being realistic, although he has a different viewpoint.

[Oyarzun] As for the businessmen, while some are interested in the FTA, others have voiced certain fears.

[Aninat] The treaty will have a very positive impact on some sectors, such as the metal tools industry, the metallurgical sector, a large portion of the financial sector, a significant percentage of the manufactured goods sector, and certainly the mining sector. But other sectors will have to experience a more costly and difficult adjustment, such as a large sector — and I reiterate this — a large sector of traditional agriculture. Those who export tobacco, canned juice, fruit, instead of paying a 25 percent customs tariff in the United States will pay nothing. Some sectors of grain and wheat producers, in turn, will have to compete harder. It is the government's and the private sector's duty to provide them an adjustment period and defend, during the negotiations, the longest possible adjustment period. That is what we are going to do.

[Oyarzun] Will the agreement be signed under Frei's administration?

[Aninat] (thumping the table) It is going to be signed, unless fate decides otherwise, in late 1996 or early 1997, at the latest. If not, there will be no treaty. This is a task for this Chilean administration, not for the next one.

[Oyarzun] Have the disagreements between the finance and foreign ministers over who is in charge of the FTA negotiations been settled?

[Aninat] The president honored me by giving me Foxley's job of coordinating the NAFTA talks. I must honestly confess that I recall very few tasks in which we have worked in such a coordinated manner with the foreign minister, my friend Jose Miguel Insulza, with Economy Minister Alvaro Garcia, and the entire negotiating team. In 1994 there were some partial difficulties involving those at middle levels, but never among the ministers; these difficulties, however, have been fully overcome.

[Oyarzun] What will happen to Chile if the FTA fails?

[Aninat] We must make simultaneous progress, with the same determination, in our negotiations with the Mercosur [Common Market of the South] and the possibility of a rapprochement with the EU.

[Oyarzun] Does this mean that just because of NAFTA, Chile is not going to dismiss the possibility of treaties with Europe and South America?

[Aninat] Precisely. That is what gives us courage. We do not only have NAFTA; we also have APEC [Asia Pacific Economic Cooperation], the EU, Mercosur. To maintain these simultaneous negotiations, which is not easy, makes all those markets interested in us.

[Oyarzun] What is going to happen in the 1996 budget with regard to the Armed Forces' salaries?

[Aninat] Quite a positive dialogue, one that has not concluded yet but is quite advanced, is being held with the Armed Forces through [Defense] Minister Edmundo Perez Yoma. On 1 October, we will inform President Frei about the guidelines of a draft bill related to the salary subject.

[Oyarzun] Will there be a 28 percent hike, as they have requested?

[Aninat] Of course not, but I cannot disclose any figure until we have finished the job. There is a positive atmosphere among the under secretaries, the budget director, my colleague Edmundo Perez, and myself. We have made quite a lot of progress this week.

[Oyarzun] Is the Armed Forces' salary hike related to the military's approval or rejection of the president of the Republic's draft bill for the reconciliation process?

[Aninat] I, in my capacity as finance minister, have assessed the subject from the exclusively technical-institutional viewpoint in a responsible manner. We do not resort to political criteria when we assess technical draft bills such as this one.

[Oyarzun] Are you worried about the country's economic future?

[Aninat] I am worried about one thing alone, because the country must understand that we will make every effort possible to gradually satisfy the prevailing social needs, but this will be a gradual process, that will be done with time and in a responsible manner. This is why I do not want any incidents, disorder, any straying from the main guidelines, etc. That will take us nowhere because we cannot satisfy demands in one or two years that have been neglected for more than 20 years.

[Oyarzun] Do you think the political debate of the past four months regarding the reconciliation and human rights subjects is of real interest to the country?

[Aninat] No. There are fields in which we must advance in democracy in order to become a truly stable country from the institutional viewpoint and civilized from the political viewpoint. Therefore, I fully believe in

the package of reforms President Frei submitted to Congress. I feel responsible for that package.

But aside from that, there are phrases, terms, climates created by one or another sector, that prevent us from making progress in the direction we want to go. If, for the next six months, we were all to try avoiding the use of harsh terms and insults, we would be able to make progress. The language used here has been abusive.

[Oyarzun] Are you talking about what the Army commander said over television?

[Aninat] I did not see the program; I only saw LA TERCERA's abridged report. I know the Army commander. He is a very respectable person, a very tactical person. But I would say it would be in the country's interests, in his own interest, that we all make an effort, he and others, to tone down the terms we use, because words generate words, as they say in the interior....

[Oyarzun] Are enough resources being allocated for education?

[Aninat] In the education field, which I have established as a national task following President Frei's instructions, we have made a lot of progress, silently. The public and private sectors' contributions to the education field have increased. Innovative programs have been included in the curriculum, such as the MECE [expansion unknown] at the high school level; training programs for mid-level management, technicians, and professionals; and the creation of a sort of education network that will be better and broader. The results will be spectacular once they start showing.

[Oyarzun] What figure do you estimate concerning the consumer price index for this year?

[Aninat] With a little bit of luck, it will be 8 percent or a couple of decimals higher, which will represent a success.

[Oyarzun] Are you worried about the fact that the people are becoming indebted?

[Aninat] A lot has been said about this subject due to the credit cards. The level of indebtedness of some social sectors is worrisome. However, the key is that our economy this year is going to grow by almost 7 percent; employment is also growing, and salaries are doing so gradually. Therefore, as this is a developing country, in which there are more jobs and people have a chance to change jobs, there is economic growth. I am not concerned about the people becoming indebted.

[Oyarzun] Lastly, there are rumors of a cabinet shuffle. Is there any truth in this?

[Aninat] I haven't heard those rumors, and I believe, with all due respect — I hope President Frei will not reprimand me for this — that it would be a mistake to make any changes.

[Oyarzun] What are the main guidelines of the draft budget you will submit to Congress on Friday, 29 September?

[Aninat] In the first place, we will maintain the fiscal austerity policy of the past eight years in Chile unaltered. In the second place, we have made every effort possible — that is the cause of my white hairs — to keep the fiscal savings at the same level. By the end of the year, our fiscal savings will be around 4.6 to 4.7 percent of the GDP, and the net surplus, "bottom line" [preceding two words in English], between 1.5 and 1.7 percent. In an expanding economy, it is quite surprising that Chile is able to maintain its high fiscal savings rate. And I am going to tell you something I hope you will print in boldface, for those who are shortsighted — and there are a few in the private sector; they are my friends, but they are still shortsighted — Chile has and will continue to have the highest fiscal savings rate in the Americas, not only Latin America, but all of the Americas. And this will continue because we have acquired assets, because Chile is a country in which the state does not use the surplus of the capital markets, but rather invests in the capital markets.

Negotiations With EU Slated To Begin in Dec

PY0410155095 Santiago EL MERCURIO in Spanish
27 Sep 95 p C2

[By special correspondent Elia Simeone]

[FBIS Translated Excerpt] New York — Manuel Marin, EU commissioner for Latin America, yesterday informed EL MERCURIO that negotiations with Chile are expected to officially begin in December. He warned, however, that the negotiations are expected to be complex in view of the diverse commercial negotiations Chile has undertaken.

Although there is a willingness to understand the path followed by Chile, there are apprehensions in the EU about the viability of negotiating with Chile because it has undertaken other negotiations with NAFTA and the Common Market of the South (Mercosur), in addition to having joined the Asia-Pacific Economic Cooperation.

While EU and Chilean experts were working on the bilateral option, Spanish Foreign Minister Javier Solana yesterday informed his EU and Rio Group colleagues about the six objectives the Spanish Government plans to pursue during the last half of the year.

Regarding Chile, he said that Spain hopes to conduct negotiations for achieving a political and economic bilateral agreement that will reflect the political will of the two parties. [passage omitted]

Despite the difficulties it is possible that a Chilean-EU framework agreement may be achieved during the first half of 1996 when Italy chairs the EU Presidency.

Italian Foreign Minister Susana Agnelli told EL MERCURIO that the Italian Government supports Chile.

She said: "We are hoping that Chile will join Mercosur because we believe it will be an interesting thing for both Chile and Mercosur member countries. If this does not occur, however, we will hold bilateral negotiations with Chile and this is also an issue of interest for the EU."

Regarding current negotiations, Manuel Marin said that the EU is in the second stage of drafting negotiation guidelines for achieving a new agreement with Chile.

He said that they hope that within one month, the committee will submit these guidelines for the consideration of the Council of Ministers so that they may be approved before the end of the year. [passage omitted]

Deputy Calls For Coherent NAFTA Negotiations Policy

PY0510105195 Santiago LA TERCERA DE LA HORA
in Spanish 29 Sep 95 p 9

[Commentary by Deputy Juan Antonio Coloma, from the Independent Democratic Union: "A Call To DeNAFTA-ize?"]

[FBIS Translated Text] Throughout the Aylwin and Frei administrations, the Coalition of Parties for Democracy [CPPD] has been promoting an ambitious publicity campaign on Chile's alleged reinsertion in international affairs through a great accomplishment: Chile joining NAFTA.

Up to now there have been hundreds of television interviews, newspaper articles, radio statements, and trips abroad, in which CPPD officials selfishly bolstered expectations on the announcement of such a feat.

Moreover, the justifiable concerns of relevant national groups and sectors, particularly agriculture, on the impact that joining NAFTA will have on these areas and the need to conduct proper negotiations were relegated to second place in view of the turmoil caused by the government publicity campaign.

After the entire country was mentally prepared for "NAFTA-ization," government officials have suddenly realized what other more cool-headed Chilean experts

have already warned about: That the NAFTA negotiations were stagnated both because of U.S. domestic political issues and because of the incompetence of the Chilean strategy.

And this is when the radical change comes into being. Now cabinet members are sternly looking at the rest of the country, telling us that we should not be overly enthusiastic and that we should "deNAFTA-ize."

Wait a minute, please!

People can say many things, but they must at least be coherent. If you say one thing, you cannot simply ignore its impact.

In view of this, therefore, I believe the time has come to do things in a better way without so much political passion and with greater overall vision of government objectives.

I do believe that NAFTA can be a good tool to achieve the globalization and development of the Chilean economy whenever these negotiations take into account the needs of crucial national groups, such as agriculture and some manufacturing industries. In view of this, therefore, these negotiations must be addressed as a government policy that must also consider the views of opposition members and not only of government officials. We must also conduct a timely and not hasty "lobby" [preceding word in English]. Moreover, we should not relegate the Foreign Ministry's work to a secondary level.

The current pessimistic signs can still be reversed, but to achieve this, we must first change our own attitude. Furthermore, we certainly must not confuse the people by speaking one day about the advantages of "joining NAFTA" and speaking otherwise the following day.

Colombia

Foreign Minister Denies U.S. Role in 'Conspiracy'

PA0410213895 Santa Fe de Bogota EL TIEMPO
in Spanish 2 Oct 95 p 6A

[FBIS Translated Text] The Samper Administration has not considered, not even hypothetically, the possibility that U.S. Government officials are participating in a "conspiracy" to destabilize Colombian institutions.

The statement was given by Foreign Minister Rodrigo Pardo after asserting it is not believed either that the DEA, or any other agency from that country, had anything to do with the attack on Dr. Antonio Jose Cancino, President Ernesto Samper's legal representative.

Pardo gave the statements when speaking with journalists who were waiting for him upon his return from New York.

He said: "I am the one in charge of talking about the Colombian Government's viewpoint and I have been quite clear in reasserting our position. Within the hypotheses about the attack on Dr. Cancino we have not even considered the possibility of the DEA's participation."

He added that Colombia believes the most important thing at this moment is the strengthening of the struggle against drug trafficking and, bearing in mind the Cali Cartel's dismantling, relations with the DEA should be aimed in that direction.

According to Pardo, official U.S. spokesmen have reiterated that their country will not interfere in Colombia's internal affairs, thus implementing a policy that is appropriate for both countries.

Moreover, the government ruled out the possibility of canceling the Nonaligned Countries Summit, which begins on 14 October in Cartagena.

Ramiro Osorio, director of the event, said rumors spread by the media in this concern are groundless.

He said: "I have met with the delegates and ambassadors on various occasions and not a single word has been said to imply that possibility."

"The movement's countries customarily respect the possibility that each state will internally solve its own problems," he added.

To date 137 delegations, 87 of them from member nations, have confirmed their participation. Ten have announced they will attend as observers and 22 will attend as special guests. There will also be representatives from 18 international organizations.

A total of 4,000 persons from 150 countries will attend.

Security services will be handled by 5,000 men.

The total cost of the summit has been estimated in approximately 8.583 billion pesos.

Approximately 1,500 journalists from all over the world are accredited to "cover" the event.

There will be 77 translators and interpreters, who comprise a team in charge of handling the summit's four official languages: Spanish, English, French, and Arabic.

The information network will be comprised of 273 computers.

One thousand two hundred rooms have been reserved in five official hotels.

Coordinators were installed yesterday in Cartagena to handle the organization's main areas: health, accreditations, transportation, security, press, systems, telecommunications, translations, and lodgings, among others.

Rehearsals were carried out on 23 and 24 September, and they included mock events at the airport, convention center, and hotels.

Progress has been made in the work to adorn the city.

Legislator Warns of DEA 'Aggressions'

PA0410155195 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 4 Oct 95

[Telephone interview with Representative Carlos Alonso Lucio by Dario Arizmendi in Santa Fe de Bogota; from the "Caracol's 0600 to 0900" newscast — live]

[FBIS Translated Excerpt] [Arizmendi] Representative Carlos Alonso Lucio has confirmed that the Chamber of Representatives has scheduled a debate for 1730 [2230 GMT] this afternoon. Colombia's Radio Cadena Nacional and Canal Tres Television will carry the debate. I have contacted Representative Lucio for a preview of his remarks. Good day, Dr. Lucio.

[Lucio] Good morning, Dario.

[Arizmendi] You say that you will respond to EL TIEMPO's slander. What slander?

[Lucio] EL TIEMPO has been offending and slandering me ever since I led the debate on secret justice 15 days ago, characterizing me as a messenger of Colombian drug traffickers. This is totally false. I have been struggling against secret justice for years. It is unfair, it violates the rights of defendants, and it adds to Colombia's violent atmosphere.

I must defend my character. The people know Lucio very well. It is most important that EL TIEMPO's immoral dictatorship and its double standards end. I immediately linked EL TIEMPO to drug traffickers. I will prove this today with videos for the entire country to see. This is the way a struggle should be waged; not with a conspiracy, as they have been doing of late. Today will offer an excellent opportunity for us to review EL TIEMPO's history, who it has confronted, what has happened, and its double standard. I am totally convinced that I will have no problem proving this. I may be taking on very powerful people, but they are not Colombia's owners nor are they almighty because Superman [words indistinct]. [passage omitted]

[Sarmiento] Dr. Lucio, what do you intend to prove about EL TIEMPO's employees?

[Lucio] First, that they are linked to drug traffickers. I will prove this afternoon that they have maintained relations with drug traffickers. Second, that they are part of a petty, anti-Colombian, double standard conspiracy. I will not only confront EL TIEMPO today — despite the fact that it is a powerful, wealthy, and influential newspaper in Colombia — but also prove that there is a conspiracy against Colombia, the national government, and our national independence. I was the first person — and it was on Caracol, as you know — to uncover the conspiracy against the national government.

[Arizmendi] Who are the conspirators? Who else is involved in this conspiracy?

[Lucio] As I have said, Gaviria, Pastrana, and the news media — including EL TIEMPO — are among the conspirators. DEA officers in Colombia are also involved in the conspiracy. I will prove today that this entire process started with the so-called narcocassettes. I will present to the Colombian people today what could be called the conspicasettes, the recordings of Tony Seneca, DEA chief in Colombia, exposing that organization's aggressions against Colombia. I am not accusing the North American people; on the contrary, either this agency or these people in Colombia are deceiving the North American people.

[Arizmendi] Do you have recordings of DEA people in Colombia — of Tony Seneca — that prove that the DEA was involved in some kind of conspiracy, as Interior Minister Horacio Serpa has claimed?

[Lucio] Dario, do you think that I would carry on this fight with the powerful people of EL TIEMPO and the megapowerful DEA if I did not have proof? Give me a moment. Some newspapers criticize me for never having proof. I always have proof. There has not been a single debate in which I have not had proof.

[Arizmendi] Why not give us a sample, a little bit of proof, like a recording of the DEA director? Or proof that the DEA took part or is taking part in that alleged...

[Lucio, interrupting] I had not planned to do this, but I will play a small bit of that conversation for you in advance of this afternoon's debate so that the people can hear the truth. One minute, please.

[Arizmendi] Yes, sir.

[Begin recording] [Fabio Vargas, brother-in-law of Cali cartel member Guillermo Pallomari] Mr. Seneca, please?

[Seneca] Yes.

[Vargas] Is this he?

[Seneca] Yes.

[Vargas] I want to leave a message. You are speaking with Fabio Vargas, Guillermo Pallomari's brother-in-law.

[Seneca] With whom?

[Vargas] Guillermo Pallomari.

[Seneca] Oh, yes.

[Vargas] Have you heard anything about Patricia?

[Seneca] One moment. With whom am I speaking?

[Vargas] What is that?

[Seneca] With whom am I speaking?

[Vargas] With Fabio Vargas.

[Seneca] Fabio?

[Vargas] Yes.

[Seneca] How are you, Fabio?

[Vargas] More or less ok. A bit concerned about Patricia.

[Seneca] Oh, yes. Please, Fabio, speak very slowly because my Spanish is not as good as yours. Ok?

[Vargas] Fine.

[Seneca] Ok. You have no news regarding Patricia?

[Vargas] I have no problem.

[Seneca] Uh?

[Vargas] I have no problem with her?

[Seneca] I said: Had you received any news?

[Vargas] No, nothing, nothing, nothing at all.

[Seneca] Have you had any contact with anyone?

[Vargas] No, with no one. No one has come, and no one has called.

[Seneca] Yes. This is true for us as well. We have no news.

[Vargas] You do not have any news, either?

[Seneca] No, we also do not have any news.

[Vargas] I will give you a telephone number in case Guillermo calls home and needs a safer telephone to call me.

[Seneca] Fabio, a bit slower, ok?

[Vargas] I will give you a telephone number for Guillermo to call me because he is calling my home and he is being checked.

[Seneca] Ok, what is the number?

[Vargas] The telephone number is 31-16-09.

[Seneca] Hold on...[pauses] 31-16-09.

[Vargas] At 2100 on Fridays.

[Seneca] What time?

[Vargas] At 2100.

[Seneca] Tonight?

[Vargas] On Friday. Anytime he wants to call he can do so at 2100 on any Friday. I will always be there at 2100.

[Seneca] Ok, at 2100. I do not think there will be time tonight but in eight days. I will deliver your message. Ok?

[Vargas] Thank you.

[Seneca] One more thing. Last week's news about a woman who was found...

[Vargas, interrupting] Speak louder, I cannot understand what you say. [hum on line heard] I will call you back in five minutes.

[Seneca] Ok, ciao. [end recording]

[Arizmendi] Dr. Antonio Lucio?

[Lucio] Yes.

[Arizmendi] This only shows that the DEA director has been recorded.

[Lucio] Dario, that was only a small bit. We have cassettes in which they make reference to the national situation, to Prosecutor General Valdivieso, to covert operations in Colombia, and to Interior Minister Horacio Serpa himself. They also describe how these DEA gentlemen see us, Colombians. I repeat, we do not want to confront the United States as a nation. It is a respectable, great, and hard-working nation. It is not our intention, either, to confront President Clinton's administration. I believe that both are being deceived by the selfish interests of particular people who, in addition, have jeopardized and destabilized relations between our country and the United States. [passage omitted]

Ecuador

President Duran-Ballen's Possible Impeachment Admitted

PY0410201595 Madrid EFE in Spanish
1835 GMT 4 Oct 95

[FBIS Translated Excerpt] Quito, 4 Oct (EFE) — Congress President Fabian Alarcon stated today, 4 October, that he will start impeachment proceedings

against Ecuadoran President Sixto Duran-Ballen should Congress be officially requested.

"Should an impeachment be (officially) requested against the president of the Republic, (...) I will begin proceedings in Congress," Alarcon said after urging deputies who have proposed such a possibility, to "think and meditate thoroughly on the matter."

Alarcon said: "This must be meditated profoundly. It is not just a matter of saying and doing it if there are no really important and serious causes."

He added, however, that if such proceedings continue, the possible impeachment against the president could take place "within a month or a month and a half." [passage omitted]

Third Day of Dahik Impeachment Proceedings Detailed

PY0510020995 Madrid EFE in Spanish
0023 GMT 5 Oct 95

[FBIS Translated Text] Quito, 4 Oct (EFE) — The third day of impeachment proceedings in Congress against Ecuadoran Vice President Alberto Dahik started today with various incidents staged by deputies of the Social Christian Party (PSC) who abandoned the Chamber of Deputies.

Fabian Alarcon, president of the Ecuadoran Congress, started the session at 1740 (2240 GMT), with an approximately two-hour delay, and allowed PSC deputy Xavier Neira to continue his speech, which had been interrupted last night, but the session was suspended due to complaints from other deputies.

Yesterday Neira interrupted his allegations against Dahik, who is charged with bribery and crimes against national dignity, and abandoned the session hall.

Neira left after PSC Chairman Heinz Moeller said it was too late for his party's participation and that they preferred to do so today, when they would have a bigger audience.

At the beginning of the session, Alarcon left the presidency of the session in the hands of Congress Vice President Franco Romero for 20 minutes, because Deputy Oscar Celleri, of the Ecuadoran Roldist Party (PRE), protested Alarcon's decision to allow Neira to continue his speech.

Before upholding his right to convene, install, suspend, and conduct the sessions," Alarcon said: "You will have my resignation as soon as I realize I am no longer needed in Congress."

Moreover, he defended his decision, because, he added, "Ecuador wants the interpellator deputies to state their viewpoints."

After Alarcon ended his statement, no deputy supported the PRE stance, so Alarcon resumed his post and Neira continued his charges against Dahik.

PSC deputies Rafael Cuesta and Marco Flores, the last of a group of six legislators in charge of presenting arguments and proving the charges of bribery and crimes against national dignity against Dahik, are scheduled to address the session today.

Cuesta and Neira promoted the charges that, in August, led to a criminal trial by the Supreme Court of Justice (CSJ) against Dahik, charged with the alleged embezzlement of discretionary funds allocated to the Vice Presidency.

The session started today amidst great expectations due to statements by deputies of the PSC, the main party responsible for Dahik's impeachment and the one Dahik attacked while defending himself in Congress on 2 October.

Dahik charged the PSC with, among other things, of having "blackmailed" the government by requesting 200,000 million sucres (\$80 million) of the budget to approve draft bills submitted by the executive branch. These charges were rejected by the opposition party.

Another mystery with regard to today's session was whether or not Dahik will appear before Congress tomorrow to answer the charges presented by four accusing political parties and exercise his right to defend himself.

A total of 52 votes are necessary to dismiss Dahik, of which 21 of the PSC, eight of the Democratic People's Movement (MPD), and two of the Ecuadoran Revolutionary Popular Action (APRE), stances that were disclosed yesterday, are guaranteed.

The PRE, which yesterday also intervened as one of the parties promoting the impeachment, has hinted that nine of its deputies are not in favor of the vice president's dismissal.

'Uncertainty' as Proceedings Continue

PY0510015495 Madrid EFE in Spanish
1719 GMT 4 Oct 95

[By Susana Madera]

[FBIS Translated Text] Quito, 4 Oct (EFE) — The national Congress today holds its third day of sessions as uncertainty increases concerning the number of votes

necessary to dismiss Ecuadoran Vice President Alberto Dahik.

The speeches by deputies in charge of submitting accusations against Dahik with regard to presumed bribery and offenses against the national honor "are changing the performance of congressional blocs to some extent," Deputy Juan Jose Castelo told EFE. Castelo belongs to the People's Democratic Movement (MPD).

Castelo, one of the deputies in charge of presenting evidence against Dahik during the impeachment process, acknowledged the "ability" with which the vice president acted in his first performance on Monday, 2 October, speaking for six hours.

"That speech was skillfully designed, with the purpose of creating disagreement among political parties," Castelo said. For two weeks Castelo has been saying that there are sufficient votes to dismiss Dahik.

Dahik must be dismissed "to ensure political soundness," he said, after stating that currently "there are 49 votes against Dahik, and that talks are being held with five independent deputies."

Concerning the Ecuadoran Roldist Party (PRE), which on Tuesday denied support to the impeachment, Castelo said that "that party must consider the suitability of maintaining the political agreement with the government."

It would be "political suicide" for the PRE to support someone who "arbitrarily handled approximately 20 billion sucres (some \$8 million) of discretionary funds, amidst the crisis prevailing in the country."

Moreover, he recalled that his party has proposed the impeachment of the president of the Republic, Sixto Duran-Ballen, because "if Dahik says that what he did was carried out with the authorization and endorsement of the president, the accusation is extended to the president as well."

Referring to Dahik's refusal to resign from his post, Castelo said that if he maintains his stance, "that attitude of rebellion will reveal an internal disruption within the government."

Moreover, Jaime Nebot, director of the Social Christian Party (PSC, in the opposition) and presidential candidate with the best chances for the 1996 elections, has said that his political group will vote for Dahik's impeachment.

"This process against corruption has become corruption itself," Nebot said, referring to the fact that votes have been negotiated.

"We all know that this is not given for free, and this is public and irrevocable evidence of corruption. It is sufficient to make decent people vote for impeachment," he said.

Dahik's fate is in the hands of people linked to the government, as well as to certain independent people, and, on the other hand, in the hands of the PRE, a party which, according to Nebot's insinuations, had reportedly acceded to a pact to prevent the dismissal of Dahik, who is considered the architect of the government economic program.

On the third day of the impeachment against the vice president in Congress, PSC deputies, among them Rafael Cuesta, will present documents that presumably prove Dahik's responsibility in the cases of bribery and offenses against national dignity.

"I will submit other evidence. I have here a document I have not revealed to the public, and in it we are forced to see, in addition to the amount of money involved, the fact that little dignity existed within the Vice Presidency for a number of irregularities to have been committed," Cuesta said.

The vice president is also facing a pre-trial inquest before the Supreme Court of Justice, which originated when PSC deputies reported that Dahik had authorized two of his secretaries to handle state discretionary funds deposited in private accounts in a private bank and not in the Central Bank, as required by the law.

Opposition Party: Acquittal 'Is a Fact'

PY0510011595 Buenos Aires TELAM in Spanish
2125 GMT 4 Oct 95

[FBIS Translated Excerpt] Quito, 4 Oct (TELAM) — Heinz Moeller, chairman of the Social Christian Party (PSC) of Ecuador, has announced that Vice President Alberto Dahik's acquittal in the impeachment proceedings he is facing in Congress is a fact.

Moeller, who admitted that "it is likely that the 52 votes necessary to impeach and dismiss him will not be obtained," said that "at this time it is a fact that the Ecuadoran Roldist Party (PRE) will vote for Dahik's acquittal."

The PRE has publicly declared that should there be no evidence, it will vote against Dahik's impeachment and dismissal, for which 52 votes in favor are necessary in the unicameral Congress.

PRE legislator Santiago Bucaram asserted that "new legal provisions have appeared that have been wrongly applied," and added that for Dahik to be forced to testify before Congress, "he must have been charged with a

crime and found guilty, which in this case is not the case." [passage omitted]

Dahik Accused of Depositing 'Millions' in Geneva

PY0510034595 Madrid EFE in Spanish
0206 GMT 5 Oct 95

[FBIS Translated Text] Quito, 4 Oct (EFE) — Social Christian Party [PSC] Deputy Rafael Cuesta asserted today before Congress that Ecuadoran Vice President Alberto Dahik had deposited "millions of dollars" in an account with a Geneva bank, adding that Dahik's closer aides are his front men.

Cuesta — one of the deputies who is conducting the impeachment proceedings against the vice president on charges of engaging in corrupt practices, which have been going on in Congress since 2 October — said that Dahik opened an account at the Bank Privee de Rothschild in Geneva and that he gets money transfers through the Lambert Bank from Brussels.

Cuesta leveled charges against Industry Minister Jose Vicente Maldonado, Monetary Board Chairperson Ana Lucia Armijos, former Foreign Minister Diego Paredes, and former Finance Minister Mario Ribadeneira — whom he accused of being Dahik's front men — and requested that their bank accounts be investigated.

Cuestas flatly denied having an account with a bank in the Cayman Islands, as the vice president had claimed when conducting his defense during the impeachment proceedings.

The PSC deputy nonetheless stated that he had his doubts that Congress would be able to remove Dahik from office as a result of his impeachment because the deputies "he has suborned" will "save" him.

Cuesta added that "another act of bribery will then take place," despite the fact that some deputies who, it is thought, will abstain from voting against Dahik have been accused by the vice president himself of having appropriated public funds, something which "I do not believe," said the PSC deputy.

Nevertheless, he said that in exchange for public funds, some deputies, among whom he identified some from the Ecuador Roldist Party (PRE), refrained from attending the sessions in which Congress would vote for the removal of government ministers from the Duran-Ballen administration.

The PRE endorsed the impeachment of the vice president. Still, the PRE's topmost leader, Abadala Bucaram, has announced that he will vote against Dahik's dismissal from office.

Cuesta also charged the vice president with having had a house built using part of the \$7.38 million which — according to another PSC deputy, Xavier Neira — Dahik has siphoned off from the discretionary funds that have been assigned to the vice president since he took office on 10 August 1992.

Neira, moreover, asserted that under the latest PSC administration, which ruled Ecuador between 1984 and 1988 with Leon Febres Cordero as executive head of state, outlays from discretionary funds did not exceed \$2 million.

Neira recalled that Dahik was finance minister and chairman of the Monetary Board — in charge of charting economic policy — under Febres Cordero, "whom the vice president then betrayed," as he has now done with Duran-Ballen.

PSC congressmen denied having requested money from the Duran-Ballen administration to buy their support for Dahik in Congress, arguing that PSC deputies have voted ministers out of office and for laws that were vetoed by the president.

Poll Indicates 55 Percent Support Dahik

PY0510010995 Madrid EFE in Spanish
2050 GMT 4 Oct 95

[FBIS Translated] Quito, 4 Oct (EFE) — Fifty-five percent of those responsible for the Ecuadoran productive and financial sector believe Vice President Alberto Dahik's arguments during his impeachment in Congress were good, while 22 percent believe the opposite. This information is contained in the results of a poll published today.

According to the daily EL UNIVERSO today, the remaining 23 percent believe that an overall assessment will only be possible once the impeachment of the vice president, which started on 2 October, ends.

The daily yesterday consulted representatives of the banking sector, stock market agents, and representatives of the productive sector a day after Dahik appeared before Congress to defend himself of the charges against him: bribery and crimes against national dignity.

Sixty-seven percent of the people consulted agreed that the vice president should not resign and should confront the charges until the last moment, while 22 percent said he should resign and 11 percent refused to give an opinion until the end of the impeachment proceedings.

One hundred percent of the people interviewed believe that the current economic team, which has implemented a neoliberal plan to modernize and reform the country's

economy drafted by Dahik, should remain until the mandate of the current administration ends next August.

According to EL UNIVERSO, this consensus is due to the acknowledgement of the economic team's achievements, among them the curbing of inflation, the exchange rate, and interest rates.

President Duran-Ballen Rejects Maldonado's Resignation

*PY0410202195 Quito Voz de los Andes in Spanish
1700 GMT 4 Oct 95*

[FBIS Translated Text] Ecuadoran Industry and Commerce Ministry sources have confirmed that President Sixto Duran-Ballen did not accept the resignation submitted by Minister Jose Vicente Maldonado, who tendered his resignation this week as a consequence of the political crisis.

Ecuador is currently experiencing one of the worst political crises in its democratic history, with charges of corruption brought against Vice President Alberto Dahik, who is also facing a pre-trial inquest at the Supreme Court of Justice.

This inquest began when a Social Christian Party deputy reported that Dahik had authorized two of his secretaries to deposit government discretionary funds in private accounts in a private bank and not in the Central Bank, as the law requires.

Monetary Board President: Economic Team To Remain

*PY0410202695 Quito Voz de Los Andes in Spanish
1700 GMT 4 Oct 95*

[FBIS Translated Text] Monetary Board President Ana Lucia Armijos has stated that the government economic team will not resign as a consequence of the political crisis in the country.

During an interview today, 4 October, Armijos said the economic team will remain unchanged irrespective of the results of the impeachment of Vice President Alberto Dahik.

There is a firm decision to maintain the economic team's program. She said: There is a firm decision to support the economic program and not to ruin in the last year of government what we have achieved during the past three years.

Armijos added that on 3 October she met with Ecuadoran President Sixto Duran-Ballen during which they planned the agenda for future meetings with the World Bank and the IMF. The present economic officials will participate in said meetings.

Armijos said: We have the firm decision to continue the economic plan, adding that at once the political crisis in the country is over, the economic team will make some adjustments to the economic policy.

She added, however, that said adjustments do not imply new economic measures, merely adjustments through the instruments the monetary officials have at hand.

Armijos asked Ecuadorans to meditate on the current political situation so that everyone may understand that the political system is not correct and must be reviewed.

As we have reported, however, Deputy Juan Jose Castelo [People's Democratic Movement] downplayed Armijos remarks on the possible reaffirmation of the economic team should Dahik be dismissed.

Defense Minister: Military Respects Duran-Ballen Decisions

*PY0510011095 Madrid EFE in Spanish
2054 GMT 4 Oct 95*

[FBIS Translated Excerpt] Quito, 4 Oct (EFE) — The Ecuadoran military high command, headed by Defense Minister General Alfonso Alarcon, today visited Carlos Solorzano, president of the Supreme Court of Justice, who is hearing a criminal case against Vice President Alberto Dahik.

The surprise visit, which the military said was of a "protocol" nature, takes place while Dahik is facing an impeachment process charged with bribery and crimes against national dignity in the unicameral Ecuadoran Congress.

Referring to President Sixto Duran-Ballen's request on 29 September for Dahik to resign, Alarcon said: "We (military personnel) respect the decisions." [passage omitted]

Alarcon made no comments on his visit to Solorzano, who is hearing a criminal case against Dahik, charged with embezzlement of discretionary funds. [passage omitted]

Peru

Fujimori on Carreno's Extradition From U.S.

*PY0410202295 Lima America Television Network
in Spanish 0100 GMT 3 Oct 95*

[FBIS Translated Excerpt] Carlos Manrique Carreno will be tried in Peru for only four crimes which prompted his extradition from the United States. Of these four crimes, the one that can result in the longest prison term is that of fraud. The law provides for a

prison term of no less than one year and no more than eight years for fraud.

The extradition of Carlos Manrique Carreno to our country has prompted great expectations. But what is the legal situation of this controversial figure, in whose company, the CLAE [Latin American Center of Business Counseling — Centro Latino Americano de Asesoría Empresarial], more than 160,000 Peruvian families deposited their confidence and, in many cases, their lifetime savings?

Manrique Carreno is facing three criminal actions. At the 47th criminal court, he is being investigated for forgery of public documents, forgery of public assets, fraud against legal personnel, crimes against the financial and monetary order, and crimes against the administration of justice. In the 37th court, he is facing trial for the crimes of corruption and forgery of public documents, and for the illegal acquisition of a passport with which he left the country. Finally, in the 13th court he is facing trial for fraud against legal personnel and crimes against the financial order and the administration of justice.

Carlos Manrique, however, will not be tried for all the above-mentioned crimes, because in the current extradition treaty between Peru and the United States, an individual can be tried in the country that requested his extradition only for the extraditable offenses. [passage omitted]

President Alberto Fujimori has said that the government will seek the extradition of all those who have committed crimes and escaped from the country. President Fujimori has termed Carreno's extradition from the United States a great success. The Peruvian president was in Tumbes, where he dedicated a new customs building. [passage omitted]

The issue that generated the greatest expectation among reporters who accompanied the head of state on his trip to Tumbes yesterday was Carlos Manrique's extradition, and the sentence that might be imposed upon him. Fujimori also referred to this matter:

[Begin recording] This is one of the rarest extradition cases, especially as concerns the United States, although that country has helped a great deal to achieve this extradition. We will continue with this policy to bring back to Peru all those who face pending trials in the courts. [passage omitted] [end recording]

Venezuela

Finance Minister Views IMF Negotiations

PA0510023895 Caracas ECONOMIA HOY
in Spanish 3 Oct 95 p 3

[FBIS Translated Text] At a news conference, Finance Minister Luis Raul Matos Azocar presented the results of political negotiations held with the IMF. He announced that part of the country's debt obligations for this year could be paid with international financial assistance.

Matos Azocar added that among the topics discussed with multilateral organizations was the possibility of releasing exchange controls over the current account for the first quarter of the year.

He noted that a line of credit for \$1.5 billion to strengthen the financial sector is only the beginning of an IMF joint plan to help Venezuela. The plan also establishes a flow of funds to support international reserves and a series of social programs.

It Was Not Only Money

"Negotiations with multilateral organizations will enable us to enter international financial markets. This will open — further more — the scope of possibilities we are exploring to restructure the debt service and alleviate the burden it represents for the country's present and future," Matos Azocar said.

Regarding proposals presented by the Venezuelan Government to solve the foreign debt problem within the budget, considering the delays in payment, he said that the government has a plan to meet those commitments.

"There is a schedule of payments for the last quarter by which we will close the year 1995 without incurring in any delay in foreign debt payments, which will include the debt pending from 1994," he stressed. He added that the schedule is linked to a request for 149 billion bolívares already approved by Congress.

"This has to do with an authorization for 399 billion bolívares requested from Congress which could be combined with a transaction in foreign markets," Matos Azocar explained.

Venezuela's Agenda

The program that government officials and experts from multilateral organizations are currently reviewing has 10 main points:

- Gradual reduction of the fiscal deficit
- Establishing more flexible foreign exchange controls

- Strengthening the financial system
- Structural reforms on the social security system
- Expanding social programs
- Encouraging production
- Broadening the competitive price system
- New policy for interest rates
- Employment training
- Public administration reforms and privatization

Number One

Regarding the gradual reduction of the fiscal deficit, "Venezuela's Agenda" proposes that the process be carried out within a period of no less than two years and no more than three years. It previous a fiscal deficit of 4 percent of GDP in 1996 and 2 percent in 1997.

Those objectives will be met by improving tax collection and an aggressive campaign against tax evasion, which should be reduced by 20 percent in 1996 and 40 percent in 1997. In the same manner, in line with budget plans, taxes on luxury items and wholesale sales (ICSVM) will be increased from 12.5 percent to 15 percent in 1996.

The agenda also contemplates the creation of a Fund for Fiscal Stabilization and the reassignment of resources based on fiscal priorities to contribute to reduce expenses, in addition to creating a Foreign Debt Rescue Fund.

On Controls

On the subject of foreign exchange, "Venezuela's Agenda" proposes releasing foreign exchange controls in the current account for the first quarter of 1996 and maintaining exchange controls on the capital account during the implementation of the Program to Strengthen the Financial System in 1996.

In addition, the plan includes an IMF program to support Venezuela's international reserves.

"The IMF has generally handled an amount close to \$4 billion with other countries. We still do not know how much Venezuela will receive because the way in which the IMF will support our release of foreign exchange controls has not been clearly defined," he said.

In order to determine interest rates, the agenda proposes setting this variable based on the Monetary Stabilization Bonds (TEM) and establishing a coordinated monetary policy between the Central Bank of Venezuela (BCV) and the Finance Ministry.

The First Program

Matos Azocar said that resources to strengthen the financial system will be assigned according to priorities and will be channeled through the World Bank and the IDB [Inter-American Development Bank] by means of bank capitalization and clearing of nonproductive accounts, based on the model applied in Mexico and Argentina.

In addition, the state bank system will be privatized and an advisory agreement will be signed to improve the bank supervision and control system in Venezuela.

Productivity

In order to improve productivity in the Venezuelan economy, "Venezuela's Agenda" proposed:

- Financing the Venezuelan State's industrial and agricultural credit system
- Fiscal incentives for private investments
- Promoting the opening of the oil industry to productive investments, technological development, creation of new jobs, and economic growth in oil potential regions.
- Legal guarantees for capital repatriation and dividends for foreign investments.
- Encouraging the promotion of exports of more technological products.
- Developing a process for selective opening of the economy.
- Strengthening commercial and economic integration within the framework of the Andean Pact, G-3 Agreement and Venezuelan-Brazilian integration, and opening toward Mercosur [Common Market of the South], Caribbean Community, and hemispheric integration.

Privatization, Employment, and State Reform

The plan also calls for revamping the plan to privatize government institutions, particularly the Venezuelan Guayana Corporation (CVG) industrial complex, establishing an agreement with the World Bank for the process of privatizing electricity companies.

Regarding employment, financial assistance will be received for technological training and preparing qualified manpower in the labor market, and to encourage the private sector to develop youth assistance training programs.

Concerning the state's role, the plan proposed reducing the number of ministries, administrative restructuring in government offices, and expediting the administrative decentralization process and transfer of administrative functions from national to state and municipal jurisdiction.

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